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## COOPERATION BETWEEN GOVERNMENT AND THE FOOD INDUSTRY

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War Food Administration

Address, Processors' Conference, Chicago, Ill., February 13, 1944

World War II has made this country processed-food conscious.

Such a development has been inevitable.

In fighting a global war, a large part of the food that goes to the armed forces and allies--even to civilians--must undergo processing. It must be canned, frozen, dried, dehydrated, or cured so as to hold up under difficult conditions of transportation and storage.

Before this country got into the war, Government food programs were largely concerned with such matters as moving surpluses of raw agricultural products into consumption, production control, soil conservation, and the like. The Government recognized, of course, that a food processing industry existed--you fellows advertise and Government people, like others, use canned foods in the home. But, by and large, the Government went its way and you went yours.

The war changed that. The Government became your largest single customer. The Government asked you to turn out food in a volume that would have seemed fantastic only a few short years before. The Government asked you to turn out tremendous quantities of food in the face of container shortages, manpower shortages, and other handicaps. In view of the great need for processed foods, your problems became the Government's problems.

To obtain a fuller understanding of industry problems, the Government asked industry men to come to Washington. There could be no other course in view of the historical background. Industry had to teach; the Government had to learn. The Government had much to learn.

Some industry men were in a position to leave their own businesses and to give their entire time to problems arising out of the emergency. It soon became apparent, however, that the problems were too numerous and varied to be handled by industrialists who might accept full-time appointments. The Government had to recruit men also who could devote part of their time to the solution of problems as they arose.

Realizing that the large number of men required could not be away from their businesses constantly, it was decided that industry advisory committees be set up on a plan that would permit the members to come to Washington at regular intervals or on special occasions.

So that each problem could be handled in an ordinary manner, the Industry Advisory Committees were selected to give full representation to each industry both geographically and according to sizes, bringing into each group the various elements that play an active part.

It was also thought advisable to formalize these committees and their operations so that there would be no danger of anti-trust litigation such as embarrassed a great many firms and individuals at the close of World War I. Although some formality is necessary, every effort is made to keep the committees as informal as possible.

These committees have demonstrated very clearly the really splendid way in which industry and Government can cooperate.

On the one side, the Government brings its problems to industry--problems recognized through a constant touch with war developments and total demands upon the Nation's food supply. There are times when it is hard to explain all these truly complex problems by letter, directive, or regulation. But they can be explained to a group of intelligent men around the conference table.

On the other side, industry brings to Washington the minds of trained men, men with years of experience, men who have worked in particular fields and on particular problems for a generation or more. Such experience is invaluable in working out the plans for production and distribution that are required by the Government.

I have a deep-seated conviction that the best men to solve any unusual problem in any particular industry are the men who have spent their business lives in that industry. Their counsel is of great value to the Government. When industry and Government get together it forms a combination that is hard to beat.

Industry Advisory Committees were first adopted by the War Production Board. When the War Food Branch was transferred to the Department of Agriculture it had organized approximately 60 committees. These committees were continued in the War Food Administration and their number has now increased to approximately 100.

Other Government agencies, such as the Office of Price Administration, and the Office of Production of WFA, had formed separate groups for the consideration of similar commodity problems--some members of industry serving on two or more different Government advisory groups.

As conferences could not always be scheduled to meet on the same dates, an unnecessarily large amount of travel, time, energy and expense was consumed. Consequently, the WFA and the OPA decided last summer to make the membership of their respective advisory committees identical.

This arrangement has had some very definite advantages. Members of the committees are fully acquainted with the problems of various Government agencies in which they are interested and can give advice. Not only on production and distribution problems but also on price regulations and other matters of importance.

To operate the committees as joint bodies, it was necessary to establish a central clearing agency and in October the Food Distribution Administration, now the Office of Distribution, established the Industry Operations Branch as the focal point for making contacts with industry on behalf of the War Food Administration.



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This branch keeps in constant touch with other Government officials and before calling an Industry Advisory Committee to Washington it clears the meeting with other branches so that the joint program can take up for discussion those subjects over which the committee has advisory jurisdiction.

The first Industry Advisory Committee in the food field was the Canned Fruit and Vegetable Committee, formed in December 1942. That was an over-all committee and served its purpose very well.

As the war progressed, however, it was realized that more and greater problems had to be decided by these committees and that the committees would have to go into greater details in assisting and advising the Government agencies. Consequently, the committee was broken down into three committees, namely, canned fruit, canned vegetables, non-seasonal. Now we are again appointing more committees and narrowing down the problems to be taken up by a group on a commodity basis. Within 30 days we expect to have the following committee set-up:

1. An over-all Canned Fruit Industry Advisory Committee:

a. With the following commodity committees:

Apple Products Industry Advisory Committee			
Concord Grape	"	"	"
Processed Citrus Fruit	"	"	"
Processed Peach Industry	"	"	"
Tree Fruit Industry Advisory Committee (Pears, Apricots, Plums)			
Berry Industry Advisory Committee			
Sweet Cherry	"	"	"
Sour Cherry	"	"	"

2. An over-all Canned Vegetable Industry Advisory Committee:

a. With the following commodity committees:

Processed Corn Industry Advisory Committee			
"	Peas	"	"
"	Tomatoes	"	"
"	Snap Beans	"	"
"	Lima Beans	"	"
"	Greens	"	"
	(Spinach, Turnip Green, Collards and other leafy Green Vegetables)		
"	Asparagus Industry Advisory Committee		
	Kraut Products	"	"

3. Miscellaneous Industry Advisory Committees:

Non-Seasonal Canned Food Industry Advisory Committee			
Canned Vegetable Baby Food Industry	"	"	"
Pickle Industry Advisory Committee			
Preserve Manufacturers Industry Advisory Committee			

We feel that an industry advisory committee set-up of this type should enable the industry to supply the necessary information to the Government agencies to effect a workable program.

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Mr. Lee Marshall, Director of Food Distribution, has asked me to tell you that when an industry advisory committee is formed, the Office of Distribution has an obligation to have due regard for the advice of that committee. If, at any time, it is necessary for us to go counter to the recommendations of an industry advisory committee, we feel it our duty to tell the committee why. We are appreciative of the fact that committee members will be sacrificing their time and spending their money in attending committee meetings. If we disregard the recommendations of the committees without good reason or without adequate explanation, we are wasting both the time and money of the committee members.

Still other committees devote their attention to more or less local problems such as marketing procedures and intra-market relationships. Much valuable information has been developed by these groups which are certain to grow in their usefulness to themselves and the Government before the war emergency is over.

Each of the State, regional, and local committees is given virtually official status by the appointment of a Government representative, usually from the War Food Administration, who acts as chairman. The chairmen act as invited observers and advisers for the Government with the result that the committees are not likely to run afoul of anti-trust regulations.

Through the industry advisory committees the Government has gained a very clear picture of the truly remarkable job the food industry is doing. It seems to me, however, that the food processing industry has received entirely too little recognition by the General Public.

A great deal has been said in tribute to the American farmer, for his performance in raising food production to new records year after year in spite of all the handicaps the war has imposed upon him. Farmers are due this recognition for a job well done. The public also is well informed about the magnificent production record of our munitions industries, our plane manufacturers, our ship builders, and all the other industries that are turning out materials of war. The munitions industries also deserve the credit they have received.

The food processing industry has kept pace with farm production and with the manufacture of munitions. I need not remind you of all the problems facing you--all the shortages, conversions, adaptations, and other headaches you have experienced. I recognize them and I have been doing what I could to help relieve them. Your accomplishment in view of these handicaps is astonishing.

You have had to convert your plants to new types of containers. You have had to process new types of food. You have had to meet the special and unusual specifications of the armed services. In spite of these and other difficulties, you and the other food manufacturers have increased your annual production of food about 50 percent since the outbreak of the war.

America should know about this record, too.

We have discussed this matter with some of the people in the food industry and in the advertising field and I believe that we have stimulated some interest among them in presenting to the public the important role of the food processing industry in wartime. I hope that out of these contacts will come substantial recognition in the form of institutional advertising of the fighting qualities of



the American food processor. Perhaps this is an idea that some of you might employ in your own promotion programs.

Most of you have heard of the War Food Administration's achievement "A" award to food processing plants, which is a tangible form of recognition for outstanding accomplishment in this field of war production. The "A" award was created last fall, primarily for the purpose of honoring seasonal food processors, who, at that time, were not eligible for the Army-Navy "E." Recently the Army and Navy decided to go back to their original policy of extending the Army-Navy "E" only to those plants furnishing the major part of their total output directly to the armed forces. In accordance with our general understanding with the Army and Navy Departments, the War Food Administration had extended the scope of the "A" award to include all food processors--large and small, seasonal and year-round. Therefore, the achievement "A" has become the only form of official governmental recognition of meritorious accomplishment in the field of food processing. Of course, plants which furnish the major part of their production directly to the armed forces may be awarded the Army-Navy "E."

Any processor who is doing an outstandingly good job may be recommended for this award. Of course, it is possible that here and there we may overlook a plant that is eligible. For that reason we hope that you and the other organizations of food processors will assist us by calling to our attention any company that deserves recognition.

We look upon the "A" award as being more than a symbol. We consider it a badge of merit indicating a high degree of performance in an essential war activity. We expect it to stimulate production, to keep workers on the job, to keep their morale high and their enthusiasm keen. The War Food Administration last week named 33 plants to receive the "A" award--more will be named later.

The food that you and your employees are turning out is helping shorten the road to victory. The "A" award is the symbol of the Government's full recognition of that fact. I hope that you will keep your employees constantly aware of the fact that they are workers in a vast assembly line that is building the victory and the peace.

Will the public, in future years, forget the wartime job the food processing industry is performing? I think not. The millions of men and women in the armed forces will bring back memories of days when foods put up by American processors were their only link with home. Civilians will remember that the ingenuity and skill of food processors kept them going on the best food in the world--American food. Our allies, who have been the recipients of millions of pounds of American processed foods, will think kindly of you. Your operations during this emergency constitute a tremendous program of good will.

It is not likely that the Government even again will leave the food processing industry so far outside the total food distribution picture. The war has demonstrated how much dependence must be placed upon you in an emergency. The coming of peace will demonstrate what a vital role your industry plays in the total job of moving food from the farm to the consumer.

I, for one, will be disappointed if the Industry Advisory Committees are broken up when the war is over. The Government needs those committees; you need those committees. Many serious problems have been brought into sharp focus by the war--they must be solved eventually. The coming of the peace will bring up a whole host of new problems; they must be solved eventually.

The food industry and the Government can work together. We know that. The end of the war should not be the end of a cooperation that has paid very rich dividends in the way of getting a job done. Let's keep on working together.

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WAR FOOD ADMINISTRATION  
Office of Distribution

FRUIT AND VEGETABLE PROGRAMS AND THE WAR

By E. A. Meyer, Associate Chief, Fruit and Vegetable Branch.  
Address before the annual meeting of the Cooperative Fresh  
Fruit and Vegetable Association in New York, N.Y., April  
21, 1944.

Americans are the best fed people in the world today. Even in time of war our civilians are able to consume larger supplies of food per capita than they did during the 1935-39 period -- the so-called surplus years of our agricultural production. Despite the cry that we can't buy this or we can't buy that, most of us have what we want to eat and as much as we want when we want it. And when it is considered that this record production of food has been produced in the midst of the greatest war in history -- when nearly 10 million of our able-bodied men are in the armed services and when over 20 percent of our total production has gone to meet the requirements of our military forces and our allies -- we cannot help but marvel at the genius of our farmers, our food processors and at our food distribution system.

This past winter, farmers in the winter commercial crop areas produced a record crop of vegetables and it appears now that the spring crop of vegetables also will be the largest on record. Of 18 principal varieties of spring vegetables, the total aggregate production is expected to be 16 percent greater than in 1943, and 25 percent above the 10-year average, 1933-42. This means, American civilians, as well as our armed forces, will continue to have enough to eat -- at least enough vegetables -- and present prospects for other commodities, for the most part, are just as favorable.

To give you some idea as to what we may expect in the way of fresh vegetables this spring, I am going to briefly summarize the present outlook.



Of the spring crops for which production estimates have been made, only snap beans, green peas and carrots are below those of 1943. Indicated production and the percent of increase over last season for other crops are as follows: early spring cucumbers, 197 percent over last year; spring eggplant, 171; early spring onions, 165; early spring tomatoes, 155; spring green peppers, 129; early spring lettuce, 126; spring celery, 121; early spring cabbage, 116; spring shallots, 107; spring cauliflower, 106; early spring snap beans, 105; spring spinach, 105; early spring asparagus, 101; and spring beets, 101 percent over last year. The production of early spring peas is indicated as 96 percent of the 1943 spring production; mid-spring snap beans, 88; and spring carrots, 65 percent of last year. This doesn't look like a famine this spring, does it?

Although the production of food has been increasing each year for the past 6 years, the requirements for the output also has been increasing -- in many cases even more than actual production. It takes food to keep an army fighting and it takes food to keep the civilian population in top condition to produce the planes, guns, and other war equipment an army must have. This year U. S. civilians will require about the same amounts of fresh and processed vegetables as they did in 1943-44, but an increase in both fresh and processed deciduous fruits and berries of more than 20 percent is needed to meet civilian requirements. The requirements of both the armed forces and our allies for processed fruits and vegetables, with the exception of frozen foods, have jumped considerably over last year. Less fresh and frozen fruits and vegetables will be needed because a large portion of the armed forces will be overseas and canned and dehydrated foods are used almost exclusively to feed combat troops. Our military and war services requirements for canned vegetables this year have increased 59 percent over 1943-44, and the canned fruit requirements



have jumped nearly 73 percent for the same period. The requirements for dehydrated vegetables and soups are 40 percent greater than in 1943-44.

To encourage needed production and at the same time assure growers fair returns for their products, the War Food Administration has announced support price programs for a number of fruits and vegetables. Shortly after the first of the year, War Food Administrator Marvin Jones announced the schedule of support prices for some of the commodities. This schedule has since been amplified and enlarged to include a number of fresh vegetables and most forms of processed fruits and vegetables.

We now have support price programs for Irish potatoes, cured sweetpotatoes, vegetables for canning and canned vegetables, peaches, and pears for canning, and for the following dried fruits: Apples, apricots, clingstone and free-stone peaches, pears, prunes, and raisins. And we hope to announce a support price program soon for vegetables for freezing and for frozen vegetables.

Although no support prices will be designated for 1944 crop vegetables grown for the fresh market, we will nevertheless extend assistance to fresh vegetable growers by encouraging the movement of their commodities through the normal channels, by diverting temporary excesses of fresh vegetables into processing channels, and by purchases for distribution through Government outlets. By and large, the War Food Administration is prepared to stand behind growers and processors who produce the food needed by our armed forces, our civilians, and our allies.

In a recent streamlining of the Office of Distribution, all the functions of purchasing, procurement, storage, warehousing, and the resale of Government owned stocks were placed under the direction of one deputy director. This realignment was brought about in order to place the responsibility of all this work under one division.

The new Procurement Branch, which was created by the reorganization, purchases food for Government use. The Procurement Branch assists in making supply estimates and determining requirements, recommends set-aside orders, and furnishes information on materials, facilities, equipment, packaging, and containers needed in processing commodities purchased by the Office of Distribution. The Procurement Branch also is charged with the responsibility of "turning of stocks" owned or held for Government account. The Fruit and Vegetable Branch will continue, however, to organize and formulate such programs as may be necessary concerning the requirements, supply and production of fruits and vegetables. And, we will, of course, assist in setting up the plans of procurement and will continue to work with and assist the fruit and vegetable industries with their purchasing, storage, and other problems.

Maintaining and administering an efficient food distribution program in wartime is not an easy task. We are apt to make a few mistakes now and then, just as you do in your own business, but with your cooperation, these mistakes can be held to a minimum. We must have regulation, controls and inspection and the efficient administration of these programs is impossible without your cooperation. But we, in the Fruit and Vegetable Branch, are constantly trying to improve our inspection and regulatory services in the interest of both the industry and the public. With your help, we can keep these services operating to the best interest of all concerned. Since most of these services do not adapt themselves to be regionalized, we have always operated them out of Washington. Should you have any problems relating to the operation or the functions of these services, please feel free to call on me or the Fruit and Vegetable Branch concerning them.

Because of the heavy demand for certain foods when the war began, we found that, in many cases, actual requirements far exceeded existing supplies. To



control the distribution of these supplies in order to direct the flow of these foods into the most essential war uses, the War Food Administration placed a number of Food Distribution Orders into effect.

Nearly 100 orders have been placed in effect to date. Not all of these are operating, however, as it is the policy of the War Food Administration to terminate a food order just as soon as the need for it has passed. Only 20 orders directly control the distribution of fruits and vegetables and 2 others, indirectly. Some of the commodities affected are citrus fruits, onions, dried fruits, apples, dehydrated vegetables, and others. WFA food orders effect different types of distribution controls. Some require that the total production of certain commodities be set-aside for Government war purposes. This type of order is used for dried fruits. The dried fruits are set-aside for the Government and then the Government releases back to civilians such portions of the supply that are not actually needed for war purposes. Other food orders control distribution through a shipping permit system, such as the one used for onions and potatoes during the past year. Food orders of this type merely channel the commodity into some specified war use and provide for the commodity to be shipped in civilian markets in cases where it is not needed for war purposes.

A third type of food order in use for fruits is the kind used last summer for clingstone peaches and apples. These orders required the peaches and apples to go to processors by restricting their shipment for other purposes. They normally would have gone to processors anyway had it not been for the increased purchasing power and the short fruit crop last year. A fourth type of food order requires a specified portion of the supply of a certain commodity to be set-aside for the Government. This type of food order is used in the distribution of canned foods. The canner is required to set-aside a specified

part of his pack for Government purchase. Another type of food order is the one where certain byproduct uses are restricted or prohibited. This type is used in restricting the manufacture of an alcoholic product from some 23 varieties of fruits and berries.

Another method of controlling the distribution of food is by the use of marketing agreements. Marketing agreements did not come in with the war. In fact, there were more in operation before the war than there are now. Citrus fruits are the only commodities with which we are concerned in the fruit and vegetable branch which are subject to marketing agreements this season. Under the law, marketing agreements are not used after the seasonal average price of the commodity reaches parity.

In wartime some control over the production and distribution of food becomes a necessary consequence. Any over-all control naturally causes some problems and perhaps even some hardships upon certain individuals or groups. To help overcome these problems and formulate the type of food controls which will effect the most good and cause the least harm to the fruit and vegetable industries, the War Food Administration has asked these industries to work with us in an advisory capacity. We have, therefore, appointed a number of industry advisory committees to assist and advise with us in the formation of our wartime food program.

The Office of Price Administration also is working with the industry and has appointed the same committees we have to advise and work with them. By working together as joint committees, these committees are better suited to help both agencies and your industries. Joint committees also mean saving in time, travel space, hotel accommodations and other expenses. An over-all fruit committee and an over-all vegetable committee has been appointed and committees also have been named for virtually every commodity. Committees have been named to represent both growers and shippers and processors of snap beans, tomatoes, corn, peas, spinach and leafy greens, peaches, pears, plums, cherries, grapes, citrus fruits and juices, and apples. Also committees have been formed to represent pickle manufacturers, preservers, dehydrators, canners, raisin producers, and other groups. These committees will supply information and make recommendations to us concerning the various needs of the fruit and vegetable industries, and we will look forward to receiving their counsel as we plan our future programs.

Besides the over-all fruit and vegetable committees and the individual commodity committees, groups have been appointed to represent growers, shippers, and distributors in a number of areas. Although we have not had sufficient manpower to develop this program as fully as we would like to develop it, we hope to pay a little closer attention to these local groups in the future and I am sure that they will be able to supply us with many helpful suggestions and will be of help to the industry in reaching a solution to our marketing problems.

The War Food Administration will need the full cooperation of its industry advisory committees if we are to obtain full production of fruits and vegetables this year. We are going to count on your help. There are a number of serious problems which we must face and we may as well admit it now. The shortage of trucks and of tires is acute. The limited number of refrigerator cars and the



shortage of ice is likely to have its effect on the transportation of perishable commodities this summer. Also, there is an acute shortage of refrigerated storage space, and warehousing facilities are limited too. The supplies of certain types of equipment and machinery may also hamper our efforts to attain maximum production. Any recommendations you may have on ways and means of overcoming these problems will be helpful.

Certainly one of the most troublesome problems which you growers and shippers of fresh fruits and vegetables will have to meet this season is the lack of wooden containers. Since 1940 the demand for lumber has increased because of large military requirements while, on the other hand, the production of lumber has decreased as a result of labor and equipment shortages. For instance, in 1943 the production of lumber for all purposes was only 95 percent of the 1940 production. Yet the requirements for lumber last year were more than 116 percent greater than in 1940. With the steadily growing deficit in lumber inventories, you can readily see that the possibility of increasing the production of wooden containers is virtually impossible.

The picture in regard to containers for fruits and vegetables is neither bright nor assuring. Producers of fresh fruits and vegetables will have to get along in 1944 with somewhat fewer new containers than were produced in 1943, and considerably less than were produced in 1942. This prospect is aggravated by the fact that the 1943 production of fresh fruits and vegetables was at least 10 percent smaller than 1942, whereas production in 1944 is expected to equal or exceed the record crop of 1942, unless cutback by unfavorable weather.

A survey made in the eastern States last winter may be indicative of what the supplies of wooden containers will be this year. At that time decreases under the 1943 production were indicated by approximately 10 percent in the case of round stave baskets and about 25 percent in hamper production. Moreover, there is little reason to believe that the production of crates and boxes for fruits and vegetables will exceed that of 1943. A carryover of supplies may help somewhat to alleviate a generally tight container situation.

The War Food Administration for nearly 2 years has been carrying on a campaign program to promote the conservation and salvage of used containers, particularly in the larger markets. Detailed information as to the success of this campaign is limited, but there is reason to believe that a representative portion of all re-usable wooden fruit and vegetable containers which are shipped into these markets are being reclaimed. The percentage varies, of course, with the different types of containers. The campaign apparently has been more effective in encouraging the reuse of the nesting or collapsible types such as baskets and wire bound crates, while less effective in encouraging the salvage and re-use of nailed types of crates and boxes. Nevertheless, it has been found that the extent to which any type of container is salvaged depends largely upon whether there is an assured market for it. Thus, we are placing increased emphasis upon the salvage and re-use of nailed lettuce crates, tomato lugs, citrus fruit boxes, and similar bulky containers. We are depending on you and other segments of the industry to help us make the used containers salvage program work.

The outlook for paper containers is almost as bad as that for wooden containers. However, this may improve as the season progresses. Insofar as we know now there will be sufficient supplies of both tin and glass to pack the 1944 crop of fruits and vegetables for canning.



Perhaps even more critical than the shortage of wooden containers is the ever growing shortage of manpower. New demands of the armed forces for the induction of more men and new restrictions on deferment of men of draft age will certainly have its effect on maximum production in 1944. The effect of manpower shortages will most likely be felt among fruit and vegetable processors since processing labor is employed on a seasonal basis. Because of this, it is more difficult for processors to retain a large supply of trained labor for their plants. Already a number of processors have indicated that they are unable to procure sufficient personnel to operate at full capacity which means we may face a reduction in the pack of canned fruits and vegetables this year. Selective Service and the War Manpower Commission, in cooperation with our own officials, are doing everything they can to help alleviate the shortage of labor in processing plants, but it will require the full cooperation of both the industry and Government if we hope to make any headway with this problem.

Other fields in which the shortage of manpower will have its effect this year will be on the farm during the harvest season, and in such fields as shipping, storage, and the distribution of commodities, or in any activity where strong young men are needed. Women, 4-F's, and older men can help but they can't take the place of youth, and rigorous jobs require youth.

Despite the many problems which confront us, I feel that, through the close cooperation of industry and Government, we will overcome them. It may be a little premature to look ahead to the post war world now, although I know most of you are looking forward to the day when the world will again be at peace and you will be able to resume your normal pursuits of trade.

While we can do little more than just plan, we must start now to consider the course which we want the United States to take in post war commerce. Are we going to be allies with Great Britain, Russia, and most of the South and Central American Countries on the fields of battle and after victory has been won be enemies in the fields of trade? Or do we want to continue to be allies and co-operate in establishing an exchange of trade that will assure a market for the goods of all nations? Those are the questions American industry should be thinking about now and be prepared to answer when this terrible conflict is over.

Food is an important factor in our international trade. Among all our agricultural exports, food is outranked in value only by cotton and tobacco. Fruit ranks first in importance among food exported from the United States, with an average annual value of \$87,000,000 in the 10 year prior to the war.

Time does not permit me to elaborate on the various commodities exported nor to name all our foreign markets. I merely want to stress the point that if we are to keep these markets after the war, we must plan now to work out some type of trade agreements with other nations. We need some sort of industry group representative of all fruit and vegetable grower organizations which is capable of dealing with international problems, in collaboration with our Government. Such an advisory body could give the Government the benefit of its working knowledge, its ideas and its support in developing the proper course to take in international trade. We need such a group as this so that producers from all over the Nation might have their views and proposals weighed and considered, and from these suggestions might come a clear-cut recommendation of the whole industry. An industry group, such as I have just outlined to you could help us settle our

differences of opinion so that when the representatives of our Government sit down at the international conference table, they would be prepared to present the views of the industry accurately and clearly and in the spirit of democratic unity.

We must remember that in the post war world distances will have little significance. With air transportation, highly perishable products will be transported in a matter of hours from one ocean to another or from one side of the globe to the other. Farming areas halfway around the world will be almost as near as your present suburban Victory gardens. Whether we want to or not, we will inevitably become a part of a world-wide international economic structure. How well we fit into this new structure will depend largely upon the willingness of the American people to accept this new principle of international cooperation. Since food forms such an important part of our international trade, you fruit and vegetable growers and shippers will play a leading role in helping the people of this country to reach a decision.

I believe that we are all in agreement that our immediate problem is to win the war. Furthermore, I am sure we all agree that the quickest way to win the war is by cooperation with one another in an all-out war effort. The War Food Administration will look more and more to the fruit and vegetable industries for advice and help until this conflict has been brought to a successful close. We feel that the industry should know better than any one else how to handle its own problems, so naturally we are going to look to the industry for help in making our food orders, regulations, and other wartime food controls do the job for which they are intended. Judging from the excellent spirit of cooperation such representative groups as yours have exhibited in the past .... we shall have no fear of the future.





INDUSTRY'S RESPONSIBILITY IN THE EXPANSION OF MARKET OUTLETS A

Summary of Remarks by E. A. Meyer, Director, Fruit and Vegetable Branch, Production and Marketing Administration, U.S. Department of Agriculture, at meeting of the Horticultural Industry Advisory Committee on Foreign Trade, held in the U. S. Department of Agriculture, Washington, D.C. January 28-31, 1946.

During the next few years the fruit and vegetable industry faces a changing supply and demand situation, which will present marketing problems vastly different from those of the war years and of the preceding period. With fruit and vegetable production at record levels in the United States and increasing abroad, prospects of limited exports due chiefly to world financial conditions, and indications of strong domestic consumer demand, it appears that increased quantities will be marketed domestically. At the same time consumers will be inclined to expand their purchases of long denied non-food commodities, particularly durable goods. These factors indicate the necessity of expanding market outlets.

The industry's leadership, which contributed so much to the successful operation of government activities, particularly during the war period, will be tested by these changing situations. There may be a breathing spell of a year or two before the full impact of post-war changes are upon the industry. However, immediate steps must be taken to minimize future marketing difficulties. The solution of the problems seem to be action by the industry to guard against over-expansion in production, to expand market outlets, and to improve marketing efficiency.

Guarding against over-expansion in production is particularly important in the case of long-life crops such as citrus and deciduous fruits and tree nuts, where adjustments to demand are extremely difficult and

costly. The desired goal is a self-sustaining level of production in relation to market demands. A considerable hardship could easily develop for growers and handlers of a commodity if production is expanded primarily for export purposes if they should find themselves unable to compete successfully from year to year in foreign markets at world prices.

Market outlets can be expanded by increasing the quantity processed, by reaching more consumers, and by getting individual consumers to buy more. Greater use of fruits and vegetables in existing processing outlets and development of new products and by-product uses eventually might utilize a substantial proportion of the total crop. These commodities can be made available to a large number of consumers through greater use of trucking service, increased emphasis upon local sales for home processing and immediate consumption, and development of a demand among low-income consumers. Improved packing and packaging practices, greater publicity imparting relevant information, increased availability of commodities at proper stages of maturity and of varieties having greater consumer appeal will stimulate repeat purchases.

Now is the appropriate time to scrutinize the level of prices and costs. Marketing efficiency can be improved by reducing costs and by getting commodities to the housewife quicker and in better condition. The industry will gain either directly through increased grower returns or indirectly by facilitating the movement of a larger volume of supplies.

Marketing improvements for the domestic outlet will enable the fruit and vegetable industry to compete more successfully abroad at world prices. In other words, reducing handling costs, providing more acceptable quality, pack and proper condition and the recognition of consumer preferences are just as important in facilitating the expanded use of United States fruits and vegetables in foreign countries as they are in securing increased consumption at home.

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IN 2 M57

Jan. 28-31, 1946

UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration  
Washington 25, D. C.

INDUSTRY'S RESPONSIBILITY IN THE EXPANSION OF MARKET OUTLETS

Summary of Remarks by E. A. Meyer, Director, Fruit and Vegetable Branch, Production and Marketing Administration, U.S. Department of Agriculture, at meeting of the Horticultural Industry Advisory Committee on Foreign Trade, held in the U. S. Department of Agriculture, Washington, D.C. January 28-31, 1946

During the next few years the fruit and vegetable industry faces a changing supply and demand situation, which will present marketing problems vastly different from those of the war years and of the preceding period. With fruit and vegetable production at record levels in the United States and increasing abroad, prospects of limited exports due chiefly to world financial conditions, and indications of strong domestic consumer demand, it appears that increased quantities will be marketed domestically. At the same time consumers will be inclined to expand their purchases of long denied non-food commodities, particularly durable goods. These factors indicate the necessity of expanding market outlets.

The industry's leadership, which contributed so much to the successful operation of government activities, particularly during the war period, will be tested by these changing situations. There may be a breathing spell of a year or two before the full impact of post-war changes are upon the industry. However, immediate steps must be taken to minimize future marketing difficulties. The solution of the problems seem to be action by the industry to guard against over-expansion in production, to expand market outlets, and to improve marketing efficiency.

Guarding against over-expansion in production is particularly important in the case of long-life crops such as citrus and deciduous fruits and tree nuts, where adjustments to demand are extremely difficult and



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In 2 M 57

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Production and Marketing Administration  
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In R M 57  
Oct. 1, 1946

UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration

x Department of Agriculture Responsibilities Under the Present  
Price Control Act

Address of E. A. Meyer, Assistant Administrator,  
Production and Marketing Administration, U. S.  
Department of Agriculture, Washington, D. C.  
before meeting of the United States Wholesale  
Grocers Association, in Savannah, Georgia,  
October 1, 1946.

I want to say at the outset that I am extremely glad to have this opportunity to talk with your group today. I expect we've had a lot of the same things on our minds the past several weeks, and there's nothing quite like discussion to get things cleared away. Of course, I refer to the many actions which lately have been taken by the government in line with recently evolved price policies.

The recent weeks, as well as the months ahead of us, represent a period of extreme importance to both government and industry. Perhaps we may think of this period as a final step in the adjustment from wartime to peacetime production and distribution. If this be so, it will be a time when government and industry--working closely together in peacetime as they did in war--will have to keep all ducks in a row. It should be our combined objective to make the necessary adjustments in a way that will allow us to arrive at the goal in as orderly a manner as possible. What is accomplished during this period just ahead of us will deeply affect the transition to complete peacetime and distributive activity. Furthermore, we don't need to look back into history very far to learn it can have a more lasting effect on the stability and level of our economy in the peacetime years ahead.

Of course, most, if not all, of the recent price actions of the government--and more specifically the Department of Agriculture--have been incident to the Price Control Extension Act of 1946. As background to full discussion, let us examine some of the pertinent points of this legislation.

First--and I think from the standpoint of food and agricultural products this is extremely important--is the stated intent of the Act. The Congress stated its intentions clearly when it said, in part, "It is hereby declared to be the policy of the Congress that the Office of Price Administration and other agencies of the government shall use their price, subsidy and other powers to promote the earliest practicable balance between production and demand of commodities under their control..." This statement of intention is important, because it is the key to the basic reason for price increases which have been formally recommended by the Department.

In relation to the basic intent of the Act, it naturally is important to understand the responsibilities given to the Secretary of Agriculture.

Under the terms of the Act, the Secretary is requested to carry out certain functions designed to fulfill the intention of the legislation.

Of course, the requirement is continued that the Secretary approve any price schedule proposed by the Price Administrator which affects an agricultural

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commodity or a processor of any food or feed product made from any agricultural product. This provision, however, is not new, since it was incorporated in former versions of price control legislation.

Under the Price Control Extension Act, however, there are new specific and important responsibilities given to the Secretary in the matter of price levels. Among the most important of these provisions is that which applies to maximum prices applicable to agricultural commodities in short supply. In remembering that the intent of the bill is to balance production with demand as soon as practicable, the extended Act provides that, and I quote, "Whenever the Secretary of Agriculture determines that maximum prices applicable to any agricultural commodity which is in short supply are impeding the necessary production of such commodity, he may recommend to the Price Administrator such adjustments in such maximum prices as the Secretary determines to be necessary to obtain the necessary production of such commodity." The Act further stipulates that within 10 days after receipt of any recommendation for the adjustment of a maximum price, or for its removal, the Price Administrator must put such recommendations into effect. In view of its expressed intent, the Act clearly directs the Secretary to make specific recommendations on prices of agricultural commodities which are deemed necessary to obtain production that will balance with demand.

In taking this action, it was recognized by the Congress that production should be the impelling reason for increases in ceiling prices on commodities. This major concept--the need to balance production with demand--has been responsible for and has been given full recognition in each formal recommendation for price increases made to date by the Secretary. An example I can cite is that of dry beans and, of course, as representatives of grocers you know full well the circumstances around the recommendation for increased livestock ceilings. On dry beans, production was being impeded because the price advances on other crops had materially affected the price relationship of such crops to beans, thus impeding the production of the beans. However, along with the impelling factor of needed production is consideration for the consumer, especially on such basic food items as meat. The recommended increases in livestock ceilings were set at levels designed to get increased output of meat with the least possible burden to the consumer. Of course, from the nature of livestock operations, the higher ceilings could not bring more meat to market immediately, especially after the heavy marketings of July and August. On this commodity, it is necessary to take the long-range point of view and consider the increases in meat output that will come later.

Another major responsibility which the Congress asked the Secretary to carry out when it passed the Price Control Extension Act was to certify each month a list of commodities which are in short supply. This certification has special significance, since under the Act ceiling prices can not be maintained on agricultural commodities during any calendar month unless they are certified in short supply on the first of such month.

Just exactly what does this certification mean? Let's consider the September 1 certification list, the first issued by the Secretary.

To begin, the September 1 list included all "agricultural commodities" in short supply, whether or not they were under price control at the time. Exceptions were some commodities permanently excluded from price control by the Act and a few minor commodities decontrolled for reasons other than adequacy of supply. Commodities not certified in short supply were automatically decontrolled. On

commodities certified in short supply, maximum prices remain in effect unless specific decontrol action is taken. However, on commodities which were certified in short supply but which have been decontrolled, price control is not automatically restored. Inclusion of a decontrolled item on the short supply list merely makes the commodity eligible for recontrol. For example, corn and wheat--both of which were left decontrolled by the Price Decontrol Board--were on the September short supply list. This action did not restore them to price control, but made them eligible for such action. Incidentally, putting wheat and corn on the list also meant that any food or feed product under control at the time which was manufactured or processed from these two grains continued under price control. To put back under control a commodity that has been decontrolled, the Act provides that the Secretary may make recommendations for such action with the written consent of the Price Decontrol Board. However, in the case of a commodity left decontrolled by the Board, such recontrol action would have to be taken by the Board itself. As stated before, any commodity not included on the short supply list is automatically decontrolled.

In addition to the legal requirements of the Price Control Extension Act, of course, there must be exercise of good judgment in carrying out price regulations.

For example, let us consider a group of five closely related commodities, such as feed grains. Four of these commodities might be in ample supply--sufficiently so to remove them from the short supply list. However, the fifth might be in a supply situation that--if considered alone--would look like a short supply condition. If one of the four commodities in ample supply could be substituted for the fifth product, then a realistic handling of the commodities would call for leaving all five of the commodities off the short supply list. In other words, the requirements for a group of closely related commodities would be more important than the requirements for a single commodity within the group. However, it would be essential to have one commodity in ample enough supply to substitute for another.

The Department is using all its resources to do a sound job in carrying out its pricing responsibilities. In the commodity branches of the Production and Marketing Administration, we have specialists on whom we rely for recommendations in regard to basic information about supplies of commodities, the probable level of price required to obtain needed production, as well as other factors. After such spade work is done, our Director of Price coordinates the reports from the various commodity branches to make certain that an action taken on one commodity is not in variance with action taken on another commodity in another branch.

In performing price control activities, the Price Control Extension Act is, of course, the guide. An agricultural commodity is in short supply unless the supply equals or exceeds the requirements for it. We hope that when the situation is such that a commodity can be taken from under control, nothing will happen in the way of supply that will cause it to be returned to control shortly afterward. We aim to carry out our responsibilities in such a way that will promote stability in production and distribution of food and agricultural products, and which will fulfill the purpose of the price control legislation.

Timing is an important adjunct to decontrol of commodities, also. Some of you may have wondered why some canned fruits, for example, were not left off the short supply list when such large supplies were in prospect. To be as realistic



as possible, we in the Department have judged it necessary that a product must be available at all levels of distribution if it is to be in ample supply. In other words, if the supply of a product will not reach the consumer for a time, it cannot safely be called in ample supply, although it is available at other levels in good supply. For example, canned apricots were left off the September 1 short supply list, for it was certain they would be on the retailers' shelves in September. On the other hand, canned peaches, although we have another near-record pack this year, were not decontrolled because they were not expected to be available at retail levels in sufficient quantity this month. I think this group would agree with us that to decontrol a commodity before it becomes available at all levels of distribution would cause the distributive trades many problems. We in the Department are trying to avoid those troubles.

So far, I have recounted rather broadly the Secretary's responsibilities under the new price control legislation. For the sake of clarity and fuller explanation, I think it would be well to explain the differences between both the control and decontrol responsibilities of the Secretary and the Price Decontrol Board.

First, however, a bit of background to bring us up-to-date: As you know, the Act provided that certain products--livestock, milk, cottonseed, soybeans, including food and feed products made from these commodities, as well as grains--be automatically recontrolled after August 20, 1946 unless the Price Decontrol Board directed their continued decontrol. On the basis of evidence presented at hearings last August, however, the Board directed the recontrol of livestock, soybeans, and cottonseed products. It ordered that dairy products and all grains, with the exception of flaxseed and by-product grain feeds, be left decontrolled. Further, the Act provided that poultry and eggs and tobacco, as well as certain products made from them, be automatically decontrolled, and gave the Secretary the authority to recontrol them after August 20 with the consent of the Board. This latter group, as you know, has not been recontrolled.

Now, for a review of the "procedures" of decontrol:

(1) With the beginning of the monthly lists certifying commodities in short supply, which the Act requires the Secretary to issue, the decontrol of commodities henceforth is governed principally by supply. A commodity not certified in short supply on the first day of a calendar month may not be subject to price control during that month. However, certification on the short supply list on the first of the following month does not restore a commodity to price control. It merely makes the commodity eligible for control.

(2) By December 31, 1946 the Secretary is required to recommend to the Price Administrator the removal of maximum prices on any commodity, whether or not it is in short supply, which he determines to be not important in business costs or living costs. Prior to that date, these recommendations are to be made as rapidly as possible in such a way as in the Secretary's judgment will not cause a "cumulative and dangerous unstabilizing" effect on our economy.

(3) The industry advisory committee appointed by the Price Administrator to advise him on matters concerning a commodity may petition the Secretary for decontrol of an agricultural commodity which it claims not to be in short supply. Such committees are the only eligible petitioners under the terms of the Act. Each petition must state specifically the grounds upon which it is based and must be supported by written evidence. The Secretary is required to grant or



deny a petition within 15 days after a petition is filed. If a petition is denied in whole or in part, the advisory committee may request a hearing. The request for the hearing must be complied within 10 days, and the petition again must be granted or denied within 15 days after the hearing. Should the petition be denied, the committee may appeal to the Price Decontrol Board any time during 30 days after a final denial has been made by the Secretary. The decision made by the Price Decontrol Board will be final.

(4) In addition to the actions outlined above, the Act continues the provision that the Price Administrator, with the approval of the Secretary, may remove maximum prices on any agricultural commodity if such action is consistent with the purposes of the Act.

So much for the "decontrol" provisions embodied in the Price Control Extension Act.

Now let us examine the other side of the question, the procedures for "recontrol" of a commodity:

In general, on any agricultural commodity which has been decontrolled but which again comes into short supply, the Secretary may take action to put it back under price control if he determines that such action is necessary to effectuate the purposes of the Act. To do so, he may recommend recontrol of a commodity to the Price Administrator with the written consent of the Price Decontrol Board. In such cases, the Secretary, in line with provisions of the Act, establishes the level of maximum prices to be in effect on the recontrolled commodity.

However, there are two exceptions to this general rule covering the recontrol of commodities. First, a commodity directed by the Price Decontrol Board on August 20 to remain exempt from control--such as dairy products--remains free of control until the Board directs recontrol. Such matters are under the exclusive jurisdiction of the Board.

The second exemption to the general recontrol rule is the provision affecting poultry, eggs, and tobacco, and certain products made from them. The Secretary may recontrol these commodities with the consent of the Price Decontrol Board and determine the maximum prices to apply in accordance with provisions of the Act. However, to recontrol these commodities the Secretary must find specifically that:

1. The re-establishment of maximum prices is necessary to effectuate the purposes of the Act.
2. The price has risen unreasonably above a price equal to the lawful maximum price in effect on June 30, 1946, plus the amount per unit of any applicable subsidy as of June 29, 1946.
3. The commodity is in short supply and its regulation is practicable and enforceable.
4. The public interest will be served by such regulation.

These, then, are the rules of the game for carrying out price control policies and regulations in the period ahead of us. The coming months, however, will call for more than observance of a set of rules, as fundamental as those rules

are. The period ahead calls for sound judgment and close cooperation on the part of both industry and government. We in the Department know from our wartime experience that the majority of the trade will give the cooperation and assistance needed in carrying out the purpose of these price regulations. We have counted on you many times during the war, and since, and we know that we can depend upon you again.

The food industry--producers, processors, and distributors--have come through the past five years of war and postwar effort in fine shape. It is true that you have had problems--many of them--and at times you have had just cause to be troubled about some of the special requirements you have been asked to meet. But all in all, I think the food industry itself would admit that it is in a sound economic condition--the soundest, in fact, in many years.

It is not our intention in the Department to prolong controls any longer than necessary. We do not like controls any better than you do. But we must not be short-sighted. Neither industry nor government, for example, could afford to take advantage of a short time benefit of too early decontrol of a commodity if such action would aid in disrupting and weakening our agricultural economy.

A successful, sound transition from controlled to uncontrolled enterprise must be guided by clear judgment, straight thinking, and with the long time benefit of the entire nation in view. We should be foolhardy, indeed, if we sold our rights to long years of high level industrial and agricultural activity for short-time, easily dissipated advantages. We cannot do the job ahead of us by such methods, because we still have many production and distribution problems in the field of food and agriculture. These problems still require joint industry-government action. When it is possible for the Department to remove all controls for which it has been given responsibility, it wants to leave industry in as orderly a manner as possible. We are looking to you--the industry--to help us do that.

One further word--when the controls we have today are ended, the food distribution industry must by and large look to its own leadership for policy and other matters. We hope this leadership will not only be aggressive, but foresighted. You cannot go about your business of selling merchandise and satisfying customers with industry warfare going on. You will have a great challenge before you, and we are satisfied that you have the leadership--if employed soundly and justly--to meet the challenge.



U. S. DEPARTMENT OF AGRICULTURE  
Production and Marketing Admin.  
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821 Market Street, Room 609  
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Mar. 19, 1946  
Digest of Remarks by E. A. Meyer, Director, Fruit and Vegetable Branch, Production and Marketing Administration, USDA, before Kern County Potato Growers' Association, Bakersfield, California, March 19, 1946.

Wheat is now the most important item of food we are sending abroad...The more wheat and other food we send these starving people, the sooner they will be healed of their wartime ills; and these ills are not all physical; many of them are political and psychological. It has been estimated that for every million tons of wheat that does not reach Europe, 20 million people could go without bread for six months, and bread is the main part of their food.

In some parts of Europe, the people are receiving around 1,000 calories a day, with bread representing from 50 to 80 percent of the daily fare. A sustained allowance of less than 1500 calories a day means starvation. By contrast, in the United States, bread and pastries constitute about 25 percent of our daily diet of 3,300 calories.

Those figures prove two things: First, that a lot of people in Europe are desperately hungry, and second, that the people in the United States are extremely well-off and can afford to skim a little here and there for the welfare of humanity in general. But it won't be a matter of skimping as much as eating foods which we already have, and which may otherwise become surplus. That is why everyone is being asked to "Reach for a potato instead of more bread."...

By eating more potatoes each of us will help dissolve a surplus which otherwise would become a considerable burden to the Government...

Some comparisons between wheat and potatoes show why we can better ship wheat and other cereals to Europe, and use potatoes as a partial substitute for them here at home. Wheat, fortunately, is a very easy crop to store and to transport. Wheat can, with relatively little care, be stored in grain elevators for months at a time before it is used. This wheat that we are sending to Europe can be stored in a central place over there and kept until it can be distributed to the places where it is needed most. Wheat is not damaged by long journeys in freight cars or in the holds of ships....

Potatoes will deteriorate rapidly and become unfit for use, either by humans or animals, unless expert and expensive care is taken. Several kinds of rot infest potatoes....When one potato in a lot becomes infested, the bacteria spreads rapidly throughout the rest of the lot. This is especially true with early potatoes, which are harvested from early spring through the summer. If these potatoes are moved any appreciable distance, they must travel in refrigerator cars; if they are stored, it must be in cold storage. Both are scarce. Both are being used for handling potatoes as well as other perishable food commodities....It would be wantonly wasteful to attempt to send highly perishable early potatoes to Europe in place of wheat.

You may wonder why we do not convert these potatoes to the dehydrated stage, which will lend itself more easily to transportation and storage. The Government has done this in the past in spite of the high cost when prosecution of the war was the important job. Also, various kinds of processing have been resorted to in

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carrying out the price support program, and I daresay we will continue this practice when necessary to keep our promises to growers that the Government would support the price of their product. But the simplest, easiest, most efficient way to dispose of a perishable food surplus is to eat it. That is what the Government is asking the public to do with local surpluses of potatoes -- reach for a potato instead of more bread...

There are few plants more truly American than the potato, although this unglamorous vegetable --- or tuber --- was once thought to be poisonous. In fact, the word SPUD is said to have been derived from an organization called the Society for the Prevention of Unsatisfactory Diet. That sounds a little silly these days, and it is also silly to think of potatoes as being excessively fattening. A few years ago, a lot of people, a few of whom were women, wouldn't eat potatoes because they were thought to be fattening. Fortunately, that idea has been pretty thoroughly discredited, because anyone who has given the least thought to dietary problems knows that the caloric content of potatoes is on par with that of many other foods. In fact, a medium-sized potato is no more fattening than an apple or an orange of the same size. Potatoes are even included in diabetic and reducing diets by many physicians. Actually, potatoes are one of the best balanced foods. It has been said that no other food except milk surpasses potatoes from the standpoint of the presence of all necessary food elements....

Another important role of spuds is for commercial purposes, such as in the manufacture of commercial alcohol, starch and glucose. So far, very few top quality, that is, number one potatoes have been used for industrial purposes --- only those which were not so well suited for food. During hot weather when all potatoes are in danger of spoiling, some number one's may find their way to these industrial outlets, but the total will be relatively small.

The production of commercial alcohol is extremely important these days, because so many things are made from it which are badly needed in the reconversion program; for instance, artificial rubber. The supplies of natural rubber are still short, you know, and a very good substitute can be made if supplies of commercial alcohol are maintained.

Another important by-product of potatoes is starch...Great quantities of starch are used in textile mills to keep the threads from cutting one another during the weaving process. Most of this starch is derived from corn, but this year's corn crop was generally of poor quality --- its moisture content was too great --- so a lot of potato starch will be used to take the place of corn starch. And since corn is needed in stock feeds to replace the wheat that is being sent to Europe, it is fortunate indeed that starch can be made from potatoes.

Glucose, from which certain kinds of sweetening substances are made, can be derived from potatoes. With the sugar shortage still serious, it should be a comforting thought to housewives, as well as such groups as confectioners and bakers, to know that as long as we have potatoes, we will have some sort of sweetening. And, too, there are many uses to which plain glucose can be put to save cane and beet sugar, thus leaving the better grades of sugar for table use...

There are millions of people in the world today who are desperately hungry; hungrier than you and I have ever been or ever will be. We were told during the war by Americans who did not fully realize their own country's productive powers, that we are facing a period of hunger. We have gone through the war...have won that war ...and we have not yet been in want. Nor do we want anyone else to be in want if we have the power to prevent it.

UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration  
Washington 25, D. C.

A DISCUSSION OF THE RESEARCH AND MARKETING ACT OF 1946

By E. A. Meyer, Assistant Director,  
Production and Marketing Administration  
November 1946

Very few people nowadays ask the question, "Shall we have scientific research?" Proof is overwhelming that our standard of living, our health, even our survival in this atomic age, are closely linked with continued research. If there is any question at all about research, it is this: "How much research shall we have?"

Congress answered the question, "Shall we have agricultural research?" back in 1862 when it authorized the establishment of the U. S. Department of Agriculture. In the original act, Congress said, "It shall be the duty of the Commissioner of Agriculture to acquire...all information concerning agriculture which he can obtain by means of books and correspondence, and by practical and scientific experiments ... and make special reports on particular subjects ... "

I don't know how much information has been obtained from books and correspondence. But I do know that it would take all day to cover the accomplishments achieved by Department, State Experiment Station, and other agricultural workers using scientific methods since 1862--with funds that appear ridiculously small in 1946. There were the identification of the tick that causes Texas fever in cattle; the rescue of California's muskmelon industry with mildew-resistant varieties; the discovery of streptomycin, which is more effective in the treatment of some diseases than penicillin or the sulfa drugs; the development of uniform standards for farm products; the application of scientific sampling techniques to problems of crop estimating. I could mention many others.

Just this year Congress wrote a new answer to the question, "How much agricultural research shall we have?" In the Research and Marketing Act of 1946, Congress provides for the development of new uses for agricultural products, the expansion of present uses, and the improvement of market facilities and services. The act authorizes appropriations starting at  $9\frac{1}{2}$  million dollars and reaching 61 million dollars in 1951. In brief, it is one of the most important pieces of agricultural legislation in recent years. It almost amounts to organic legislation in the breadth of activities it provides for and the size of the funds it authorizes.

Because this new legislation is so significant, I am going to take time today to review some of its provisions.

Title I of the act amends the Bankhead-Jones Act of 1935 to authorize additional appropriations for research both in the Department and in the State agricultural experiment stations. Title II, which can be cited separately as the Agricultural Marketing Act of 1946, brings together a long list of activities in the field of marketing research and service that the Secretary of Agriculture is authorized and directed to carry on -- and authorizes substantial appropriations for that purpose. Title III requires the establishment of a National Advisory Committee in connection with the research and marketing service work and authorizes the appointment of additional committees in connection with particular phases of the program.

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Title I

Title I declares it to be the policy of Congress "to promote the efficient production and utilization of products of the soil as essential to the health and welfare of our people and to promote a sound and prosperous agriculture and rural life as indispensable to the maintenance of maximum employment and national prosperity." It likewise states the intention to assure agriculture "a position in research equal to that of industry." It then authorizes such research "into the laws and principles underlying the basic problems of agriculture in its broadest aspects," and lists at some length the fields of research that are included. They cover both production and distribution, utilization and nutrition, conservation and use of resources, farm management and operation, and, in general, research "that may contribute to the establishment and maintenance of a permanent and effective agricultural industry including such investigations as have for their purpose the development and improvement of the rural home and rural life, and the maximum contribution by agriculture to the welfare of the consumer, and the maintenance of maximum employment and national prosperity."

Appropriations:- Section 9, of Title I, is a graduated authorization for additional funds for use in the State agricultural experiment stations. The amounts authorized start with  $2\frac{1}{2}$  million dollars in 1947 and increase to 20 million dollars in 1951. Three percent of such appropriations is reserved for use of the Office of Experiment Stations. From the remaining 97 percent, no less than 72 percent is to be granted directly to the States, including the Territories and Puerto Rico,--20 percent on an equal basis; and not less than 52 percent, half in proportion to their farm populations and half in proportion to their rural populations. These allotments to States must be matched with funds that the States themselves provide for their experiment stations. The remainder of the funds (not over 25 percent) is set aside as a regional research fund to be allotted for cooperative projects involving two or more States working together on problems of common interest. A committee of nine persons is provided for representing the State experiment stations to recommend the projects to be carried on under this fund. In addition to their recommendation, such projects must have the approval of the Secretary of Agriculture. A special restriction is imposed in Section 11 on all these funds for the experiment stations. At least 20 percent of the authorized funds must be used for conducting marketing research projects approved by the Department of Agriculture.

A second authorization for appropriations under Title I, in Section 10 (a) is for research on utilization of agricultural products. It likewise is a graduated authorization starting with 3 million dollars in 1947 and reaching 15 million dollars in 1951. These funds are for research to be conducted by the Department but authorization is included for contracting specific projects with public or private organizations or individuals where this will permit the work to be done "more effectively, more rapidly, or at less cost." Such projects can only be supplemental to the work in the Department and must be coordinated with it. Contracts can be made to run for as long as four years and funds that are obligated under contract can be carried over for as long as five years.



A third appropriation under Title I, in Section 10 (b), is for research in the Department and in fields other than utilization. The amounts here authorized start at  $1\frac{1}{2}$  million dollars in 1947 and increase to 6 million dollars in 1950. Research under this appropriation must be in cooperation with the State agricultural experiment stations or with agencies "mutually agreeable to the Department of Agriculture and the Experiment Stations concerned." So this authorization is in a sense the counterpart of that in Section 9 providing funds for experiment stations and especially for regional research for the experiment stations. It provides the Department the funds for carrying on its share in cooperative research programs that the States are unable to undertake with Section 9 funds or funds otherwise available to the experiment stations.

## Title II

Title II--the Agricultural Marketing Act of 1946--was originally introduced as a separate bill. It starts out with a preamble declaring the importance of a "sound, efficient, and privately operated system for distributing and marketing agricultural products." It declares the policy of Congress to promote "a scientific approach to the problems of marketing, transportation, and distribution of agricultural products similar to the scientific methods which have been utilized successfully during the past 84 years in connection with the production of agricultural products." In other words, Title I expresses the intention to give agriculture a place in research comparable to that of industry; Title II is intended to enable research in marketing to catch up with research in production.

Section 203 spells out what the Secretary of Agriculture is authorized to do. This authorization includes the development of standards and specifications and the conduct of an inspection service for agricultural products. It includes market news work and marketing statistics, "including adequate outlook information on a marketing-area basis." It likewise provides for "consumer education for the more effective utilization and greater consumption of agricultural products." Considerable emphasis is placed on research on marketing methods and costs and on the improvement of marketing facilities throughout the marketing system in order to encourage better and more efficient handling of agricultural products. Emphasis is placed on the development of new and expanded uses and outlets for agricultural products, both at home and abroad. One of the items provides for "studies for informational programs designed to eliminate artificial barriers to the free movement of agricultural products." Provision is made for "such other research and services" and "such other activities as will facilitate the marketing, distributing, processing, and utilization of agricultural products through commercial channels."

Another section (207) makes clear that "agricultural products" include processed and manufactured products made from agricultural commodities as well as the raw farm products themselves. Fish and shellfish are included as well as different types of crop, livestock, and forest products.

You will note that most of these marketing activities provided for in the act already are carried on to greater or less degree in the Department. The significance of their enumeration in this act is that it brings them all together under a single clear-cut authorization, and that it makes clear the intention that they should apply to all stages of marketing, from producer to consumer, including processing and the distribution of processed products.

In the past our chief emphasis with most commodities has been only in the first stages of marketing, from farm to shipping point or processing plant. Some products, like fresh fruits and vegetables, we have followed through to the receiving point; and in the case of others, like dairy products, we have concerned ourselves to some extent with processed products—though these are the exceptions rather than the rule. The new act is clearly a recognition that farm products have not really been marketed until they reach the ultimate consumer.

Appropriations:—To conduct marketing research and service on this broadened scale, Title II authorizes graduated appropriations starting at  $2\frac{1}{2}$  million dollars in 1947 and reaching 20 million dollars in 1951. It expressly provides that such appropriation "shall be in addition to and not in substitution for" other available funds. The act authorizes three different ways for spending these funds: (1) They may be sent directly by agencies of the Department; (2) they may be allotted to State agencies for carrying on projects under cooperative agreement; (3) they may be spent through contracting such work with public or private agencies, institutions, firms, or individuals.

The preamble of Title II requires that "maximum use shall be made of existing research facilities owned or controlled by the Federal Government or State agricultural experiment stations and of the facilities of the Federal and State extension service." It also requires that "to the maximum extent practicable marketing research work done hereunder in cooperation with the States shall be done in cooperation with the State agricultural experiment stations," educational and demonstrational work with the State extension services, and service and regulatory work with the State departments of agriculture and the departments and bureaus of markets.

However, Section 204 (b) requires that where allotments are made to State agencies they shall be "to the agency or agencies best equipped and qualified to conduct the specific project to be undertaken." Allotments to State agencies under Title II must not only be matched by State funds, but in addition, such matching of funds must "be in addition to any funds now available to such agencies for marketing services and for marketing research." While some problems of interpretation may arise in connection with this provision, it seems to me to be in line with the spirit of the whole act in its intention to provide new funds for new undertakings.

The Secretary is authorized (Section 205) to enter into contracts and agreements with both State and private agencies for marketing research and service work and related activities where this will permit work to be carried out "more effectively, more rapidly, or at less cost." As in the case of utilization research, such contracts may be for periods as long as 4 years, and funds obligated for such contracts can be carried over for as long as 5 years. In addition to the specific provision for contracting work, Section 205 authorizes the Secretary to "cooperate with other branches of the Government, State agencies, private research organizations, purchasing and consuming organizations, boards of trade, chambers of commerce, other associations of business or trade organizations, transportation and storage agencies and organizations, or other persons or corporations engaged in the production, transportation, storing, processing, marketing, and distribution of agricultural products whether operating in one or more jurisdictions."



### Title III

Title III requires the establishment of a National Advisory Committee "to consult with the Secretary of Agriculture and other appropriate officials of the Department of Agriculture, to make recommendations relative to research and service work authorized by this act, and to assist in obtaining the cooperation of producers, farm organizations, industry groups, and Federal and State agencies in the furtherance of such research and service programs." This Committee is to consist of 11, "6 of whom shall be representatives of producers or their organizations."

It is clearly the intent of Congress that this committee, instead of being mere window dressing, shall really work. The committee is required to meet at least once each quarter and the members are not permitted to appoint alternates to serve in their stead.

Title III also authorizes the establishment of additional committees "including representatives of producers, industry, Government, and science" to advise and assist in particular projects and phases of the work undertaken under the act.

### Plans and Progress

This summarizes the main provision of the new Research and Marketing Act.

Well, Congress passed the act. You might ask at this point: "What is the Department of Agriculture doing about it?"

Frankly, the Department has been moving steadily and <sup>very</sup> carefully in getting work under way. In my opinion, the Department must move carefully during this extremely important formative period. Don't forget that the research program covers almost every agricultural product from the farm to the dining table. Don't forget that it affects every major Department of Agriculture agency. Don't forget that it affects State agencies and private organizations and institutions.

also

You must bear in mind that, although this act authorizes funds, no money actually has been appropriated. It is hardly possible that any money will be forthcoming until next spring, at the earliest. You know, from experience with your own budgets, what that means. Projects cannot be definitely committed. Needed personnel cannot be hired. Therefore, most decisions, of necessity, must be tentative.

One important step was taken recently, however, when the Department announced the appointment of the 11-man National Advisory Committee as provided for in the act. Membership of this committee is as follows: Howard E. Babcock, New York State farmer and Chairman of the Board of Trustees, Cornell University; Fred Bailey, legislative counsel for the National Grange; Robert R. Coker, vice president of a large South Carolina seed company; John H. Davis, executive secretary of the National Council of Farmer Cooperatives; Charles F. Kettering, general manager of the Research Laboratory Division, General Motors Corporation; C. W. Kitchen, executive vice president of the United Fresh Fruit and Vegetable Association; Albert K. Mitchell, New Mexico rancher and student of livestock marketing problems; James G. Patton, president of the National Farmers Union; Walter L. Randolph,



president of the Alabama Farm Bureau Federation; H. J. Reed, dean and director of the Purdue University School of Agriculture; and Kerr Scott, State Commissioner of Agriculture, North Carolina.

As you recognize, this is an excellent committee. Each member is an outstanding individual in his particular field. As Secretary of Agriculture Clinton P. Anderson has said, "In accepting appointment to the National Advisory Committee, these men have volunteered their broad experience and abilities to serve the public good. Congress, farmers, and all others concerned with the administration of this act can be gratified that we shall have their counsel in planning a full-scale attack with scientific weapons on the problems of production, marketing, transportation, and distribution of agricultural products."

I am going to emphasize one point in connection with this committee. The members were chosen to represent agriculture as a whole and the general public interest, rather than particular branches of agriculture or segments of our national economy. It would be extremely difficult, if not impossible, to appoint an 11-man committee that would be representative of all the many groups keenly interested in agricultural research. That is why the act provides for the establishment of committees for specific commodity groups.

Thus, lack of representation on the National Advisory Committee will not bar cooperation. In the words of the act, "The functions of such advisory committee shall be to consult with the Secretary of Agriculture and other appropriate officials of the Department of Agriculture, to make recommendations relative to research and service work authorized by this act, and to assist in obtaining the cooperation of producers, farm organizations, industry groups, and Federal and State agencies in the furtherance of such research and service programs." I know that individuals and groups will be called upon widely to assist with special problems.

If I interpret the act correctly, it provides for more than mere "cooperation" by interested groups. Section 302 says, "In the furtherance of the research and service work authorized by the act, the Secretary of Agriculture may, in addition to the National Advisory Committee, establish appropriate committees, including representatives of producers, industry, Government, and science, to assist in effectuating specific research and service programs." This means that interested groups can have real representation through these special committees.

The new committee is scheduled to meet in Washington, D. C., the first week of December. I am sure, following the December meeting, that progress under the research program will move forward more rapidly.

Right at the top of the "must" work to be handled in the near future is the matter of developing administrative machinery for handling the program. Thinking on this point, at the present time, has not crystallized. The objective, of course, is to provide a basis for the efficient administration of work coming under the Research and Marketing Act as well as other responsibilities that have been entrusted to the Department of Agriculture.

The selection of competent personnel to deal with the various phases of the research program also is extremely important. The Marketing and Research Act is very broad in scope. Consequently, it is important that people at the policy making level have an outlook that is broad. Finding people who can see the whole forest—and not just the trees—will be difficult. But there are such people and a determined effort will be made to attach them to the staff.

One thing that must be guarded against in the formative stages of the research program is overexpansion. At first glance,  $9\frac{1}{2}$  million dollars seems like a lot of money. But it shrinks amazingly fast when specific commitments are stacked up against those funds. I am aware that many groups have had "pet projects" gathering dust for years. These groups naturally are anxious to get the ball rolling. I have a firm conviction, however, that the first research job should be research in the research projects themselves.

This will require careful analyses of the research and service needs in every major "problem area." It will require a survey of the research and service facilities that are available—Federal, State, and private—and of the work that already is being done. Only after that ground work has been completely laid can any decision be made as to specific projects to be undertaken. It sounds like a slow approach, I know, but I think it constitutes an efficient approach.

To rush into this program with unsound administrative machinery, incompetent personnel, and a hodge-podge of projects—just because there is "Government money" to spend—would be disastrous. So I can't overemphasize the importance of proceeding cautiously, systematically. That, in a manner of speaking, is the scientific method. If we get this program started off on a sound basis, the chances are we will achieve the worthy aims embodied in the Research and Marketing Act.

This act is broad enough to permit participation by all groups concerned with food production and marketing. That participation will be needed—and needed badly—once the research projects are launched. It is too early to point out specific ways in which your organization will be brought into the program. But I am confident that some of your members will serve on committees established to handle special phases of the work. I know, in this and other capacities, that your complete cooperation will be forthcoming.





1947-22

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Jan. 22, 1947UNITED STATES DEPARTMENT OF AGRICULTURE  
Production and Marketing Administration

## X NEW RELATIONSHIPS BETWEEN FOOD PRODUCTION AND FOOD DISTRIBUTION

An address by E. A. Meyer, Administrator, Research and Marketing Act, before the National American Wholesale Grocers Association, at Atlantic City, January 22, 1947.

Our system of distributing farm products is on trial. And as the case stands today, there isn't much doubt as to what the final verdict will be. Most of the evidence presented up to this time indicates that we have done a wonderful job of producing more and better farm commodities. But when it comes to distributing those commodities efficiently, it appears that we haven't done quite so well.

I like to think of an efficient distribution system as one that moves enough products into consumption to meet all needs—and moves them through marketing channels as economically as possible. If that is a proper definition, our present system has failed in two important respects. It sometimes fails to move enough products to meet all needs, because we have seen crop surpluses develop at the same time that many people lacked adequate diets. It fails to move farm products as economically as possible, because research in several fields has shown that the marketing spread—the difference between what the consumer pays and what the producer receives—can be greatly reduced through the adoption of improved marketing methods.

Moving enough products to meet all needs is undoubtedly the major problem of marketing. Such Government programs as school lunches, direct food distribution, and the food stamp plan help, but it is a problem that is tied in, fundamentally, with the prosperity of the Nation as a whole. Thus, except to a limited extent, the problem is incapable of solution by individual or group action for it involves the maintenance of consumer incomes. When incomes are high, as they are now, most of the commodities produced are consumed. Conversely, when incomes are low or non-existent, as they were during the depression years, a considerable part of the commodities produced is not consumed, and surpluses appear.

Although the maintenance of strong consumer demand is the major problem—and one that we, as individuals or groups, cannot solve—we can do a great deal to reduce the cost of marketing. This cost, the marketing spread, is of direct concern to everybody. What is saved in the marketing process inevitably means higher returns to producers and lower prices to consumers. Paradoxically enough, increased efficiency in marketing means higher profits even to those, who like yourselves, are engaged in marketing.

To get an idea of the size of the job facing us, let's take a look at marketing spreads.

In 1939, the Bureau of Agricultural Economics found that out of every dollar spent by consumers for farm food products, the farmer received about 38 cents. To put it another way, about 62 cents of the consumer's dollar went for certain marketing charges. Of this 62 cents, retailers got 24; processors, 21; wholesalers, 7; transportation agencies, 6; and assembly services--mainly at country points, 4 cents. These figures, of course, cover all types of operations.

I have cited figures for 1939, because that is the latest year for which a detailed breakdown is available. But to avoid any distortion of my thesis, I must point out that the farmer's share of the consumer's dollar in 1946 averaged in the neighborhood of 54 cents. In other words, the marketing spread had decreased to 46 cents in 1946 from 62 cents in 1939. I think you will easily see that this reduction is not so much a reflection of increased marketing efficiency as it is a reflection of increased prices for food products. Marketing charges vary within a much narrower range than food prices. Thus as prices increase, the percentage margin narrows--and when prices turn downward, the margin widens. In any event, whether the spread is wide or narrow, it is our job to reduce it.

Retailing costs consistently take one of the biggest slices out of the consumer's dollar. Therefore, one of our most intense attacks should be carried on at this level. It is encouraging to know that economies in retailing can be effected because they have been effected. The super-markets, for example, have made splendid progress in lowering the cost of selling by the introduction of self-service, by building larger stores that increase the volume handled per store unit, and by well-thought-out merchandising techniques.

Processing costs run retail costs a close second, and here, too, economies are possible. Not long ago, for example, one of our State experiment stations found that by re-arranging the machinery and by altering the flow of raw materials through a tomato canner, direct labor costs could be reduced by half. It should be pointed out, however, that consumers themselves help to run up processing costs. Consumers don't like slab bacon, which entails slicing in the kitchen; they like their bacon ready-sliced, done up in a nice package. Likewise, from a health standpoint, consumers look with suspicion on raw milk; they want pasteurized milk. These extra services, necessary or not, cost money.

Wholesaling costs, when compared with other marketing charges, do not appear exorbitant. Yet, they can be sharply reduced. One of the most troublesome problems in this field has to do with many of the fresh fruit and vegetable markets in our large cities. Frequently the buildings are old and dilapidated--entirely unsuited to the use to which they are put. Often the streets are narrow and congested, which means traffic jams and costly delays. Rail facilities are lacking in some markets, so produce arriving at the freight terminal must be trucked or carted to the market. It has been estimated that a modern fresh fruit and vegetable market in one city--New York--would mean economies amounting to  $8\frac{1}{2}$  million dollars annually.



Transportation costs can be reduced in many ways. When the railroads asked for a 25-percent increase in rates for line haul service on the basic products of agriculture and livestock, the rate experts of the Department of Agriculture appeared before the Interstate Commerce Commission and presented data to the effect that such an increase would work undue hardship on producers and shippers. In December 1946, the Interstate Commerce Commission decided that the increase should be 15 percent instead of the 25 percent originally asked by the carriers—a decision that will save many millions of dollars in transportation costs. Other millions could be saved if interstate barriers to motortruck hauling were removed. Other millions could be saved by simple experimentation, such as the experimentation that led to the discovery that oranges can be refrigerated successfully in transit with only half as much ice as was formerly used. Still other millions could be saved if we purchased our milk at the food store instead of having it delivered to our door.

These are only a few of the ways in which marketing costs can be lowered. There are many, many other possibilities, and I say—in all seriousness—that we must take advantage of them. During the war, with incomes high and a strong demand for food, profits could be made by shippers, processors, wholesalers, jobbers, and retailers—even under OPA ceilings. But the distributive trades are facing a new situation today. As supplies become more abundant, there will be great pressure to move food at lower costs. This will bring about a search for cutting expenses at each stage, and it may bring about a search for ways of cutting out some of the stages. I am firmly convinced that under the highly competitive conditions that will exist from now on, the inefficient operator or the antiquated marketing practice cannot survive for long.

The new Research and Marketing Act, passed by the previous Congress, comes at a most opportune time. This significant legislation authorizes agricultural research at all stages of the production and marketing process. To carry on this work, appropriations are authorized starting at  $9\frac{1}{2}$  million dollars and reaching 61 million dollars in 1951. Because this legislation is so important—because all of the work authorized affects your industry directly or indirectly—I am going to take time today to review briefly just what the act covers.

Title I declares it to be the policy of Congress "to promote the efficient production and utilization of products of the soil as essential to the health and welfare of our people and to promote a sound and prosperous agriculture and rural life as indispensable to the maintenance of maximum employment and national prosperity." It likewise states the intention to assure agriculture "a position in research equal to that of industry." It then authorizes such research "into the laws and principles underlying the basic problems of agriculture in its broadest aspects," and lists the fields of research that are included. They cover both production and distribution, utilization and nutrition, conservation and use of resources, and farm management and operation.



Title I authorizes additional funds for use in the State agricultural experiment stations, the amounts authorized starting with  $2\frac{1}{2}$  million dollars in 1947 and increasing to 20 million dollars in 1951. These allotments to the States must be matched with funds that the States themselves provide for their experiment stations, and there is a stipulation that at least 20 percent of the money must be used for marketing research. A second authorization for appropriations under Title I for research on utilization of agricultural products, starts with 3 million dollars in 1947 and reaches 15 million dollars in 1951. A third appropriation under Title I is for research in the Department and in fields other than utilization. The amounts here authorized start at  $1\frac{1}{2}$  million dollars in 1947 and increase to 6 million dollars in 1950.

Title II - the Agricultural Marketing Act of 1946 - was originally introduced as a separate bill. It starts out with a preamble declaring the importance of a "sound, efficient, and privately operated system for distributing and marketing agricultural products." It declares the policy of Congress, to promote "a scientific approach to the problems of marketing, transportation, and distribution of agricultural products similar to the scientific methods which have been utilized so successfully during the past 84 years in connection with the production of agricultural products."

Title II authorizes the development of standards and specifications and the conduct of an inspection service for agricultural products. It includes market news work and marketing statistics, "including adequate outlook information on a marketing-area basis." It likewise provides for "consumer education for the more effective utilization and greater consumption of agricultural products." Considerable emphasis is placed on research in connection with marketing methods and costs and the improvement of marketing facilities. Provision is made for the development of new and expanded uses and outlets for agricultural products, both at home and abroad. One of the items provides for "studies for informational programs designed to eliminate artificial barriers to the free movement of agricultural products." The act makes possible "such other research and services" and "such other activities as will facilitate the marketing, distributing, processing, and utilization of agricultural products through commercial channels."

In the past, the Department of Agriculture has placed chief emphasis on the first stages of marketing - from farm to shipping point or processing plant. Some products, like fresh fruits and vegetables, have been followed through to the receiving point; and in the case of others, like dairy products, processed products have received attention, to some extent - although these have been the exceptions rather than the rule. The new act is clearly a recognition that farm products have not really been marketed until they reach the ultimate consumer.

To conduct marketing research and services on this broadened scale, Title II authorizes graduated appropriations starting at  $2\frac{1}{2}$  million dollars in 1947 and reaching 20 million dollars in 1951. It expressly provides that such appropriation "shall be in addition to and not in substitution for"

other available funds. The act authorizes three different ways for spending these funds: (1) They may be spent directly by agencies of the Department; (2) they may be allotted to State agencies for carrying on projects under cooperative agreement; or (3) they may be spent through contracting with public or private agencies, institutions, firms, or individuals for such work.

Title III requires the establishment of a National Advisory Committee "to consult with the Secretary of Agriculture and other appropriate officials of the Department of Agriculture, to make recommendations relative to research and service work authorized by this act, and to assist in obtaining the cooperation of producers, farm organizations, industry groups, and Federal and State agencies in the furtherance of such research and service program." This committee is to consist of 11 members, "6 of whom shall be representatives of producers or their organizations."

Title III also authorizes the establishment of additional committees "including representatives of producers, industry, Government, and science" to advise and assist in particular projects and phases of the work undertaken under the act.

As you may know, the 11-man National Advisory Committee has been appointed, with membership as follows: Howard E. Babcock, New York State farmer and Chairman of the Board of Trustees, Cornell University; Fred Bailey, legislative counsel for the National Grange; Robert R. Coker, vice president of a South Carolina seed company; John H. Davis, executive secretary of the National Council of Farmer Cooperatives; Charles F. Kettering, general manager of the Research Laboratory Division, General Motors Corporation; C. W. Kitchen, executive vice president of the United Fresh Fruit and Vegetable Association; Albert K. Mitchell, New Mexico rancher and student of livestock marketing; James G. Patton, president of the National Farmers Union; Walter I. Randolph, president of the Alabama Farm Bureau Federation; H. J. Reed, dean and director of the Purdue University School of Agriculture; and Kerr Scott, State Commissioner of Agriculture, North Carolina.

I'd like to emphasize one point: The members of this committee were chosen to represent agriculture, as a whole, and the general public interest, rather than particular branches of agriculture or segments of our national economy. It would be extremely difficult, if not impossible, to appoint an 11-man committee that would be representative of all the many groups keenly interested in agricultural research. That is why the act provides for the establishment of committees for specific commodity or functional groups.

In connection with these committees, requests for nominations were sent late in December to approximately 300 groups, such as farm, processor, and distributor organizations. From nominations received, members will be selected to serve on 17 commodity committees, as follows: Livestock, dairy, poultry and poultry products, citrus fruits, deciduous fruits, vegetables, potatoes, nuts, grains, feeds and seeds, rice, dry beans and peas, cotton, wool, tobacco, peanuts, and soybeans, and flaxseed. In addition, members

will be named to serve on 4 functional committees, as follows: Transportation, storage, packaging, and foreign trade. In keeping with the obvious intent of Congress to provide representation of interested groups, the organization of additional committees - over and above the 17 commodity and 4 functional committees - is under consideration. I hope that it will be possible for some of your members to serve on one or more of the committees that will be established.

I express that hope, for I know that wholesalers have a number of problems that are crying for solution. Increasing labor costs, for example, have accentuated the need for mechanical equipment in wholesale food warehouses. But we need to know what kind of equipment is best suited to the particular job - to the particular type of warehouse. The volume of business the wholesaler does is directly related to the volume the retailer handles. Thus, we need to know how the wholesaler - especially at the present time, when inventories are large - can best work with the retailer and help him to do a better selling job. Single-story and multi-story warehouses are both employed in the wholesale trade. We need to know which is the better type, after taking into consideration location, the price of land, cost of operation, and how operations in either type can be made more efficient.

You people who work at wholesaling day after day realize that I have only skimmed the surface when it comes to pointing out the problems with which you are faced. Many new ones will arise as time goes by. Research of one kind or another will help in their solution.

I wish I could promise you immediate assistance from the Federal Government on projects that might come under the Research and Marketing Act. The fact remains, however, that, while this act authorizes funds, no money actually has been appropriated. Thus, our current activities, can't progress too far beyond the planning stage.

Although there is no prospect of offering wholesalers immediate assistance in the way of research projects, I think it advisable for your industry, like the Department of Agriculture, to begin planning for projects that might be undertaken later. And in planning projects, I know you will adhere to the principle of "first things first."

In closing, I would like to say, in all sincerity, that your National Wholesale Food Industry Advisory Committee has done a splendid job, not only during the war, but also during the troubled period in which we now find ourselves. I have the hope that this committee will continue as an active, aggressive organization. I know that it can help your forward-looking association, and I know, furthermore, that it can lend invaluable assistance to the Department of Agriculture in the conduct of activities under the Research and Marketing Act.



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May 1947

UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary

RESEARCH IN MARKETING AGRICULTURAL PRODUCTS

Address by E. A. Meyer, Administrator, Research and Marketing  
Act of 1946, at the banquet meeting of the Pacific Northwest  
Marketing Conference, Seattle, Wash., 6:30 p.m., PST, May 2, 1947

(For Release at 6:30 p.m., PST, May 2, 1947)

In one section of the Smithsonian Institution in Washington there is a collection of automobiles going back half a century. You look at them -- these relics of earlier days -- and one of the things that strikes you is the contrast between our small, swift, streamlined cars of today and the big, clumsy slow horseless carriages of forty or fifty years ago.

You think of that contrast, and then if you are agriculturally-minded as I am, perhaps you begin to draw parallels. You recall how with the passing years, the engines inventors put under the hoods became smaller but immensely powerful.

You remember how agriculture in the United States half a century ago was not geared to anything approaching the efficiency of 1947. Since 1900 -- since 1914 in fact -- output per farm worker has doubled. We are producing now about one-third more than in the years just before the war -- and we are doing it with fewer farms and with less labor available.

Science put a powerful motor into the agricultural vehicle just as into the modern automobile. And it was fortunate for us -- and for the free world -- that science did accomplish this.

For beginning with our entry into the war, there was, day after day, and week after week, the most pressing need for all the food that the American farm plant could turn out. Not only did we require huge quantities of nutritious foods for the men and women in our armed forces and in our production army at home; we needed also large amounts of dehydrated "protective" foods to keep Britain and our other allies going.

(more)

(For Release at 6:30 p.m., PST, May 2)

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Added to these needs, we had the inefficiency in the use of food that war inevitably brings -- the losses on ships sunk at sea, the stocks damaged or lost on the shifting battlefront.

Even after the war ended, demand for food continued at the same high levels. Buying power in the hands of our people was great enough so that millions continued to purchase a quantity and a quality of food that, in peacetime, they wanted but did not have the money to buy. Last year our people consumed per capita 16 percent more food than before the war.

At the same time, we have been called upon to help save hungry people abroad from the desperation of hunger, and some even from actual starvation. In the year that ended last June, we exported more than 16 $\frac{1}{2}$  million long tons of foodstuffs. Most of it went to the war devastated countries where starvation lurked just around the corner. More than 10 million tons of these exports consisted of wheat and flour, but we sent also corn, rice, oats, barley, fats and oils, dairy products, meats, dry beans and peas, potatoes and sweetpotatoes, fruits and vegetables, sugar, eggs and canned fish.

Sixteen million tons is a lot of food. It saved a lot of lives.

You see, I am trying to show you the immense change that has come about in agricultural demand in the past few years.

Our farmers are now in their sixth straight year of all-out effort.

The change in production in your own States here in the Pacific Northwest from 1935 to 1945 shows very clearly what has happened.

In that period milk production increased over 13 percent.

Output of eggs jumped more than 23 percent.

Production of chickens increased 33 percent.

Cattle and calves -- 43 percent.

Wheat -- 49 percent.

(more)

USDA 911-47-2



Most kinds of fruit -- 57 percent.

Farm operators' net income, for the Nation, increased from  $4\frac{1}{2}$  billion dollars in 1939 to over 15 billion dollars in 1946.

All this adds up to a remarkable achievement. How was it brought about? Did farmers go out and set up new farms the way industry went out and built new factories? No. Very little additional land was brought under cultivation during the war. And the actual number of farms declined.

Did farmers go out and hire an army of workers to produce food and fiber? No, instead they got along with less labor than in peacetime. There was a scarcity, especially, of skilled workers. Many were in the fighting forces. Many others were attracted to the cities by high war wages.

Did farmers, then, install all sorts of labor-saving machinery? No, they got along with less new machinery than in peacetime. They got by with old patched-up equipment. You might say they came in on a wing and a prayer.

Do you see what I'm driving at? If American farmers with fewer farms and fewer workers and fewer machines, made such significant production increases, what productive heights can they rise to when they have plenty of efficient labor and when they can get all the equipment, and fertilizers, and insecticides they want? They have learned how to increase yields per unit -- how to get more apples per tree, more eggs per hen, more milk per cow, more wheat per acre. They are not going to unlearn those things. They are not going backward. They will, with the march of science, go on to new productivity.

Today we have American agriculture operating at high speed, going down the straightaways at 60 miles per hour and around the curves at forty. Now no experienced driver has to be told that a different problem arises when you have a blowout at 20 miles per hour and a blowout at 60. To minimize the dangers of driving at

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high speeds, industry, has provided better tires. Insurance companies have furnished hints on safe driving. Governments have built better roads, taken out the curves and put up danger signs.

So, too, we in agriculture are concerned today in seeing to it that the dangers of high speed in agriculture may be eliminated to the greatest extent possible. Fortunately, there are favorable aspects to the situation. Farmers are better off financially than they have ever been. Debts have been reduced, assets have climbed high. In the field of conservation, about a hundred million acres of cropland have received complete soil-saving treatment. We are steadily making progress in saving other millions of acres from the twin dangers of erosion and depletion. Farmers today have more "know how" than ever before.

I cite these things as favorable to agriculture. They are favorable, but they can create problems, too. Because farmers have more money than ever before, they are in the market for more production-increasing machinery than ever before. Because they have made progress in conservation, they are also in a position to increase yields. Because they have "know how", they can step up output per unit all up and down the line.

All of these factors, in brief, tend to boost the speed of the agricultural vehicle. We have more power in the engine. The question becomes: How can we best use all this power?

The war is over. The inefficient use of food that war brought about is no longer necessary. The foreign nations we have been helping, sooner or later, will be able to stand again on their own feet and produce more of their own food. We cannot say at this moment how much the world abroad will demand of our food and fiber. So it is very apparent that the use of agricultural productive power in the years ahead must be geared more to the demands of the people of the United States.

How big are those demands likely to be? I want to quote something from the statement Secretary Anderson made before the House Committee on Agriculture only  
(For Release at 6:30 p.m., PST, May 2) (more)

last week. Mr. Anderson estimated that "our people would like to be able to buy a third more food than they had on the average in the five prewar years 1935-39." He based this estimate upon the actual food purchases of families that back in 1941 had incomes of \$2,000 or more. He found that "people want about 40 pounds more meat per capita...over 200 pounds apiece more milk, about 9 pounds more chicken, 23 or 24 pounds more fresh vegetables, around 17 pounds more processed vegetables, an additional 50 pounds of citrus fruit, and over 80 pounds more of other fruits" than they were actually getting before the war.

He estimated that the wants of our own people, plus conservative quantities for exports and industrial uses would add up to a need for "more than 420 million acres for crops, orchards, rotation pasture and fallow land." This is just about what our 1947 production goals call for. It is what we could expect for the future, provided that people had the income to buy the food that they have shown they really want.

That is a picture that would look pretty good to the American farmer. He would not ask for more than that. If he got it on a continuing basis in peacetime he'd think he was enjoying a little bit of heaven on earth.

It is a picture that ought to look pretty good to the distributors of food and fiber.

And certainly it looks good to the American consumer because it means better health and greater vigor in every town and county of the land. It is the picture of abundance that mankind has dreamed of down the long centuries of human history.

Can we make that picture a reality?

It will take a lot of doing. It is a complicated job. But part of it can be accomplished, I believe, through the mechanism of the Research and Marketing Act of 1946.

Let us go back to our analogy of the automobile exhibition in the Smithsonian Institution. Production research brought about the remarkable development of the



ugly duckling motor car of 1900 into the sleek, stream-lined beauty of 1947. But not production research alone. How useful do you think a 1947 car would be on the roads of half a century ago -- on the crooked lanes that quickly became slick, sticky gumbo in wet weather?

Greater power, greater speed demanded better brakes, better lights, but, above all, better roads, or speed became not only useless but, if used, deadly dangerous.

Let us apply the analogy to agriculture. We see the results of private and public production research on every side. Today we have hybrid corn. We have DDT. We have methods for controlling the peach borer and other orchard insects; drugs for controlling livestock parasites that save stockmen millions of dollars every year; feeding systems that have stepped up milk and egg production far above the limits our grandfathers would have believed possible. Productive efficiency on the well-managed farm has kept pace, step for step, with the times. That is what I mean when I say that science has put a powerful motor under the agricultural hood.

But what about distributive efficiency? That corresponds to the roads, the highways and superhighways, along which agricultural products travel to their final destination? That, too, has changed.

Whereas fifty years ago, Chicago, New York, and Philadelphia depended upon the surrounding farmers for their food perishables, today they reach out for fruits and vegetables clear across the country to Washington, California, and Florida. In that respect distribution has changed because transportation and refrigeration have changed. But the Congress and some marketing students feel that the economy of distribution, the economy of marketing, has not kept full pace with the times.

So strongly did the Congress feel about the opportunities for advances in distribution that last year it took specific steps to place marketing, and utilization research on the same high pedestal that for well-nigh a century production research has occupied.

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The Research and Marketing Act grew out of a quartet of distinct Congressional actions. A few years ago the late Congressman Hampton P. Fulmer, of South Carolina, who was then chairman of the House Committee on Agriculture, introduced a resolution providing for study of the system under which agricultural products were marketed. He was aroused at the sight of vegetables bringing a price in the retail market from five to ten times that which the farmer received for producing the very same vegetables. The House authorized the proposed investigation, but Mr. Fulmer was in poor health and nothing much was done. This took place in the Seventy-Eighth Congress -- two Congresses ago.

Then, in the Seventy-Ninth Congress, a similar resolution was proposed by Congressman John W. Flannagan, Jr., and was adopted. Meantime a subcommittee under the leadership of Congressman Pace began in 1944 to study cotton problems.

In this period, likewise, a Food Study Committee in the Congress became convinced of the need for investigation into the broad field of marketing, distributing and processing of food products.

All of these movements had one point in common. They recognized a serious need for research. They culminated in the Research and Marketing Bill of 1946, passed in the closing days of the Seventy-Ninth Congress.

Now I have said many times in recent months that this Act is one of the most important agricultural laws of recent years. It cannot work miracles but it can bring science more powerfully to bear on agricultural problems. The Act is very broad. It provides for the development of new uses for agricultural products, the expansion of present uses, and the improvement of market facilities and services. It provides for research not only into long-range problems, but into such short range questions as the immediate improvements that can be made, for example, in grading and processing farm products, and in the whole field of marketing. It authorizes appropriations starting at  $9\frac{1}{2}$  million dollars and reaching the impressive total of 61 million dollars in 1951.

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There are three main sections, or Titles, in the bill. Title One amends the Bankhead-Jones Act of 1935 to authorize additional appropriations for research both in the Department and in the State agricultural experiment stations. Appropriated funds under Title One go to States and to the Department for research on all types of farm problems. At least 20 percent of the funds are to go for marketing research. Under this Title the development of new and extended uses and outlets for agricultural products is emphasized.

Title Two of the Act is devoted entirely to marketing. It brings together a long list of activities in the field of marketing research and service that the Secretary of Agriculture is authorized and directed to carry on -- and it authorizes substantial appropriations for that purpose.

We can work with public and private research agencies, with purchasing and consuming organizations, boards of trade, chambers of commerce and other business and trade associations. We will of course make the greatest possible use of existing Federal and State research facilities, but we can give contracts to private agencies if there are advantages in so doing.

This freedom to pick and choose is a real advantage. Experience has shown that there are times when it is cheaper to contract for research -- especially if the research is to be performed just one time -- rather than to set up new Government facilities.

Another advantage of this freedom of operation is that research can be tied up more closely with the real problems of an industry. We can bring research workers right up against the actual difficulties faced by a processing or distributing company.

In times past we have studied most commodities only in the first stages of marketing. Some products, like fresh fruits and vegetables, we have followed through to the receiving point; a few like dairy products, we have followed through process-

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ing. Under the Research and Marketing Act it is made perfectly clear that marketing goes all the way from the farm to the kitchen.

Title Three requires the establishment of an eleven member National Advisory Committee "to consult with the Secretary of Agriculture and other appropriate officials of the Department of Agriculture, to make recommendations relative to research and service work authorized by this Act, and to assist in obtaining the cooperation of producers, farm organizations, industry groups, and Federal and State agencies in the furtherance of such research and service programs."

Six of the eleven members of this Committee are required to be representatives of producers or their organizations.

Title Three provides also for additional committees to work in particular fields and with special commodities.

There was one serious difficulty that has faced us since the bill became law. Because the Act was passed so late in the 79th Congress, no funds were appropriated. We have requested an appropriation for 1948 which is in the regular budget. In the meantime we have been operating without funds. We have done this by borrowing personnel from various agencies of the Department. The agencies have cooperated generously so that when funds are appropriated we will have a head start toward making the Act really effective.

We have moved carefully, but steadily ahead, being mindful of the dangers of over-expansion, of taking too big a bite. We are determined not to rush into a program with unsound administrative machinery, incompetent personnel or a hodge-podge of projects. We are going at a scientific job in a scientific manner.

Last fall the Secretary appointed the eleven-member National Advisory Committee. Every man is an outstanding leader in his field. Every one was chosen to represent agriculture and the general public interest as a whole, rather than any particular segment of agriculture. Thus far the National Advisory Committee has

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met three times and it has been of great assistance in formulating the beginnings of a program.

In addition, 19 commodity committees and a committee on transportation have been appointed. We are setting up working relationships with the experiment stations, with the State agencies and with the trade and industry groups.

We are holding meetings with these groups and we are getting ready to go when funds are appropriated for the 1948 fiscal year starting July 1.

Let me illustrate how a commodity advisory committee operates.

Take the Potato Advisory Committee, for example. Out of our first meeting with this group, which was held March 13 and 14, have come definite recommendations on the utilization and the marketing of potatoes.

The Committee recommended intensive research on developing and expanding uses for potatoes other than as human food in fresh form. It recommended work to develop new and cheaper dehydrating processes; other means of preserving whole, ground or sliced potatoes; use of potatoes for feed grade glucose; denaturing of diversion potatoes for use as feed or as a component of ensilage or for technological operations.

It recommended, further, research on the production of potato flour and cooperative projects with potato chippers pertaining to storage, oil rancidity, and so on.

In the field of marketing it recommended intensive research in the direction of quality improvement, including handling methods, cleaning, grading and reconditioning.

The Committee urged study of demand and consumer preferences. It would like to know the relation of income, type of family, season and place of residence to potato consumption.

Potato availability is considered important. For example, could consumption be increased in certain areas or seasons if potatoes were more widely available at

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lower retail prices? Could smaller markets be supplied more adequately or efficiently throughout the year.

The Committee recommended also study of seasonal distribution among markets, of marketing costs, of market price relationships, marketing agreements, government programs, foreign trade, and market news reports.

It did not neglect production research. It urged expansion of work on potato breeding and the selection of new and improved varieties.

This will give you an idea of the thoroughness with which the Committees work. There is a job to be done, and they are out to help get it done.

On the production side, the agricultural motor is purring fairly smoothly. The big problem is to improve the roads, the highways and superhighways of distribution so that after we leave the natural speedway which the war has built, agriculture will still be able to use all, or nearly all, of its productive capacity.

To get the most out of this legislation we shall all have to put a lot of work and a lot of cooperation into it. We need team work. We need to pull together.

Before I left Washington, I checked over the lists of men from the Northwest who are serving on some of the commodity committees.

On the Wool Advisory Committee, the area is represented by J. A. Hill, Dean, College of Agriculture, University of Wyoming; Sylvan J. Pauly, of Montana, President, National Wool Growers Association; and J. B. Wilson, Secretary of the Wyoming Wool Growers Association.

On the Potato Committee: J. E. Simplot, of Caldwell, Idaho.

On the Deciduous Fruit Advisory Committee: Elon J. Gilbert, of Richey and Gilbert, Yakima, Washington; and J. E. Klahre, General Manager of the Apple Growers Association, Hood River, Oregon.

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On the Grain Advisory Committee: Robert B. Taylor, Adams, Oregon.

On the Seeds Advisory Committee: John D. Rensberg, of Rupert, Idaho.

On the Poultry Advisory Committee: Henry J. Hanson, Puyallup, Washington.

On the Dry Beans and Peas Advisory Committee: James H. Shields, Shields, Inc., Buhl, Idaho; Herman Wilson, Jr., Washburn-Wilson Seed Co., Moscow, Idaho; and William Wolf of Latah, Washington.

On the Tree Nuts Advisory Committee: A. C. Jacobson, General Manager, Northwest Nut Growers, Dundee, Oregon; and John E. Trunk, Oregon Nut Growers, Inc., Newberg, Oregon.

My philosophy is that the men who know most about a commodity and who can suggest the best means of solving an industry's problems are the men who spend their lives and make their living in that industry. The men on these committees are, I am sure, able to bring to us the experience and the knowledge needed to help solve your problems. The work must, and will, be done in the field.

The authority given by this Act is broad. If wisely used, it can result in tremendous good. It is up to all of us to make the Act work.

Together I am sure we can achieve great things.

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(For Release at 6:30 p.m., PST, May 2)

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Sept. 6, 1947

UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary

PROGRESS UNDER THE RESEARCH AND MARKETING ACT OF 1946

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Talk by E. A. Meyer, Administrator, Research and Marketing Act,  
before the 27th Annual Convention of the American Soybean Asso-  
ciation, Columbus, Ohio, September 6, 1947, 10:30 a.m., EST.

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(For September 6, A.M. Release)

The keen interest which you of the Soybean Association have in research makes it particularly pleasant to appear on your program.

When I look at the rapid strides which your industry has made in recent years I realize that you have good reason for being research conscious. I checked the Department of Agriculture's figures before leaving Washington and found that soybean production in the U. S. since 1924 -- when the Department started keeping records on soybeans -- has increased 40 fold. Any industry which expands that fast is bound to develop a lot of growing pains which need research attention.

The list of questions which you have for the research worker is further lengthened by the fact that the chief use of soybeans has shifted in recent years. In 1924 the chief use of soybeans was for paints and varnishes. Although that use has increased and many other important industrial uses have been added, the real expansion in soybean consumption has been as food -- in shortening, cooking oil and margarine.

Much of this production expansion and shift in uses has taken place during the war years when non-military research facilities were necessarily curtailed.

During the war, world shortages and the resulting good price of fats and oils brought above-average returns to our producers. Neither efficient production nor superior quality products was necessary for good incomes. Contrary to some war expanded industries, you seem to have no false hopes that this situation will continue. The effort which other nations are making to increase their fats and oils supplies is shown by the recent announcement that the British Government was setting up a corporation to encourage widespread peanut production in Africa. If a great number of palm tree plantations should be started in the South Pacific, as they were after the last war, the future world oil supply would be still further increased. So if large-scale soybean production is going to continue in the United States you must be ready to meet stiff competition. That is another good reason for your widespread interest in research.

It is fortunate from your perspective that world production of fats and oils will probably remain short of demand for a number of years. This will give you a brief breathing spell in which to solve some of these problems. But there is no time to spare.

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Certainly there is every reason to believe that soybeans will continue as one of our important crops. The soybean is one of the most versatile of farm products. It provides valuable food, much needed livestock feed, and is important for many industrial uses. A great many farmers are geared to soybean production. There is now a large soybean crushing plant, and marketing channels are well developed. All these things point to soybeans as an important cash crop in the United States for years to come.

My part on your program is to give you a review of progress under the Research and Marketing Act and indicate what assistance you can expect from us in helping solve the problems of the soybean industry.

I tell you frankly that I am enthusiastic about this Act. It can mean a lot to our farmers, to the processors and distributors of farm products and to the consumers of the Nation. The work of scientists during the war has cast a heavy shadow of fear over our entire planet; at the same time it has brought a great hope for better living by all mankind. Though agricultural research may not be as spectacular as research in the peacetime use of atomic energy, it is part of the same onward movement. It is an attempt to bring increasing scientific and economic knowledge to bear in solving the problems faced by the agricultural segment of our economy, and holds great hope of better living for all of us.

As to what the Act provides, let me say that basically it provides for no new types of research. I need not tell a group of soybean producers and processors who know the work of our Peoria laboratory that research of the Department of Agriculture has for some time extended all the way from crop production to the discovery of new uses for farm products. Major emphasis, however, had been on production research. We had very limited funds for marketing and utilization work.

The great significance of the Act lies in its scope and emphasis. It states that one of its purposes is to bring research and services in the marketing and utilization of farm products up to a position of parity with research in farm production. It provides for much broader teamwork between the research activities of the Federal government, the States and private industry. Finally it envisions a greatly expanded program. It authorizes new appropriations that step up year by year to a level of 61 million dollars in 1951.

As you know, however, the authorization of funds by Congress does not mean that the funds will be actually appropriated. This Act was passed in August 1946. It was not until July 30, of this year that the first funds were made available. Instead of appropriating the 19 million dollars authorized for 1947-48, Congress voted 9 million dollars.

These funds for the current year are divided in the following manner:  $2\frac{1}{2}$  million go to the State experiment stations to be used for all types of research;  $1\frac{1}{2}$  million goes to the Department for cooperation with State agencies on all types of research other than utilization; 3 million dollars goes to the Department for utilization research; and 2 million to the Department for marketing and distribution research and services.

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The year which has intervened since the passage of the Act has been devoted to building a program, so that when funds became available, there would be the least possible delay in beginning operations.

First off we had the job of conferring with interested groups over the Nation, getting them informed as to the contents of the Act and soliciting their cooperation and their ideas on the most effective ways of carrying it out.

We began formalizing this producer-industry consultation in October with the appointment of a National Advisory Committee. Shortly thereafter a Committee of Nine was appointed representing the directors of the State agricultural experiment stations, to confer with the Department on Federal-State cooperation.

Following recommendations of the National Advisory Committee, we then set up 19 commodity committees and a committee on transportation. The job of these committees was two-fold: First, to outline fields of research which they felt should be undertaken on their subjects; and second, and more important, to indicate the priority which they felt should be given to these various fields of research.

To aid them we set up working groups in the Department corresponding to each of the specialized committees. These working groups brought together the thinking of the Department as to research needs in each field and presented it to the committees as a starting point for their deliberations.

Representatives of State departments of agriculture and State experiment stations were also named on the working groups. However, cost and distance prevented most of them from participating except by correspondence.

All of these specialized committees have met and made their recommendations, and the National Advisory Committee has met four times.

Additional working groups in the Department reviewed problems of commodities not covered by advisory committees, and outlined the research and services needed in many fields besides transportation which cut across commodity lines. Meanwhile, Department and State agencies were developing their own proposals for specific projects.

Thus, by the end of June we had program materials from the advisory committees, the working groups, the Committee of Nine, various State agencies, and agencies within the Department, as well as suggestions from private organizations and individuals.

This has involved a lot of conferences and a lot of work, but we have looked upon it as a two-way educational process. It has aided us immensely in building our program and at the same time helped inform interested public groups as to the nature of the Act and our progress under it. We feel that this has laid the groundwork for some fine cooperation between farmers, industry, and the Federal and State governments.

Out of the wealth of material accumulated through this process we forged a program for the fiscal year 1948. This was reviewed by the National Advisory Committee in June and revised in light of its recommendations and the amount of funds made available by Congress.

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Here are some of the program policies which we have decided upon: We believe that projects should represent new lines of activity within the various fields of work, or activities where substantial expansion is clearly needed. We believe that the research should be practical -- that it should deal with problems which producers and industry face now or will face in the immediate future. We want our work to yield results which can be immediately put to profitable use. We intend to concentrate our efforts so as to do an effective job in a limited number of fields rather than scatter them over a multiplicity of different problems.

Finally we want to make the first order of business the finding of new and expanded markets for those crops which now or in the immediate future threaten to be in surplus. We feel that the Department's emphasis can best be placed on marketing and utilization research, leaving major responsibility for production research to the States.

With this brief background statement, let me give you the major fields of research which we have tentatively planned to take up during the current fiscal year. I can't tell you what specific projects will be taken up by what agency, nor the exact funds that will be authorized for each. But I can tell you, in general, what we intend to do.

Section 9(b) (3) of Title I of the Act provides that up to 25 percent of the funds allocated to the State experiment stations under this Act may be used by two or more stations in the study of regional problems. One of the functions of the Committee of Nine was to recommend such regional work. In the field of marketing they suggested that major emphasis be given to the marketing of milk and dairy products, livestock and wool, poultry and eggs, potatoes, fruits and vegetables, and cotton. The individual states will also give attention to the marketing of other products, particularly from the standpoint of local problems within states.

Additional regional projects are recommended in the field of food and human nutrition, in rural housing, and in dairy barn construction. States in the Cotton Belt intend to give considerable attention to cotton mechanization and to fundamental cotton breeding studies. Regional studies will probably be undertaken on a preliminary basis to produce improved breeds of dairy cattle, beef cattle and poultry.

Under Section 10 (a) of Title I which provides for utilization research we have agreed on the following lines of work:

First priority will be given to developing new and improved uses of agricultural commodities; second, to improving human nutrition and extending food uses of agricultural commodities; and, third, to preservation and improvement of quality and prevention of spoilage in agricultural commodities between producer and consumer.

In Section 10 (b) which provides for cooperative research with the States in fields other than utilization, we have selected the following order of work: First emphasis is placed on the development of new and more profitable uses of resources of manpower, soils, water, plants, and animals; second, on reducing hazards and risks in agricultural production; third, more efficient and satisfactory use of farm buildings, farm homes, farm machinery, and power; fourth, studies on farm income, expenditures, management, and diversification of enterprise; fifth, improvement of rural homes and rural life; and sixth, improving the marketing of agricultural commodities.

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Finally, under Title II which covers marketing and distribution research and services we have also decided on seven over-all fields of work: (1) developing new market information and basic data, (2) development of new and expanded market outlets, (3) reducing marketing costs and margins, (4) developing new standards and grading to improve marketability of farm products, (5) improvement of marketing methods, facilities and equipment, (6) developing new processing and packaging techniques to minimize waste and increase salability, and (7) analysis of demand and consumer preferences for agricultural products.

Though the scope of some of these categories may not be apparent without specific examples, I think the reading of this list does indicate the tremendous breadth of the research for which there is an immediate need. I think it extremely important that all groups, such as yours, which have important research problems realize how many other groups there are which face a similar array of problems. Unless you have this realization, there is danger that you will become impatient with the rate at which we are able to tackle the problems that are foremost in your minds.

Now let's turn to the work of the soybean and flaxseed advisory committee. Members of that committee representing your industry include J. P. Edmonson, the Vice President of this association; Otto G. Brandau, D. J. Bunnell, Karl Nolin, H. E. Carpenter, Eugene D. Funk, and Harry Traux. Two other members of the committee, R. W. Capps, and Howard Kellogg represent processors of both soybeans and flaxseed.

This is an exceptionally fine group of men, and they are rendering a very valuable service. I should mention that all the members of these committees -- except persons on the National Committee who had to make several trips to Washington have paid their own expenses in attending meetings and have had no remuneration whatsoever.

Now what are the major fields of research which the soybean committee recommended that we undertake? It laid major stress on two problems: achieving flavor stability in soybean oil, and working out farm storage methods and facilities for soybeans so as to prevent a majority of the crop from being thrown on the market soon after harvest. The committee also gave a 1-A priority to several other problems. They stressed the need for breeding varieties which will give improved yields, will not shatter, are superior in oil content and protein qualities for different uses, are adopted to combines, resist diseases, and which are adapted to various levels of soil fertility and climate conditions. The need for developing crop rotations and other practices which will give maximum yields of soybeans and other crops in the rotation was also placed in this category, along with the need for fundamental studies on soybean protein and the development of new uses for the protein.

Among problems of a somewhat less urgent priority which cover other oils, as well as soybeans, they included the following: Better methods of processing oilseeds including use of improved solvents; a method of determining oil content of small lots of soybeans and flaxseed as delivered by farmers; analysis of the need for a market news service covering oilseeds and their products; the freight-rate structure for oilseeds and their products; the operation and effects of the futures market on prices and marketing of oilseeds and their products; nutritional and consumer-preference studies for food fats and oils, soya flour, canned and dried soybeans; and finally, a strong educational program to bring research findings to light.

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(For September 6, A.M. Release)



Starting with the general guideposts suggested by the National Committee and the specific problem-areas as outlined by the Soybean and Flaxseed Advisory Committee we had to decide just what soybean problems to attack first. In considering this question, we worked closely with representatives of the State experiment stations so as to achieve a unified plan of attack. Some of the problems recommended were already being studied -- at least to a limited extent. We already have underway a big program in soybean breeding which is being carried on jointly by our Bureau of Plant Industry and 24 of the State experiment stations. There is a cooperative project between the Department and a number of the states on control of soybean diseases, which is financed by a special Congressional appropriation. A number of states are carrying on experiments to determine the best soybean rotations, and the Illinois Experiment Station has for some years been doing comprehensive research on the farm storage of soybeans.

It was finally decided that the best starting point for the Department was to intensify work on the problem of improving the flavor stability of soybean oils. Though I am not yet in a position to give you details on how this work will be approached, I know you will be glad to hear that it is being launched.

The speed with which we are able to lick the problem of flavor stability of soybean oil will greatly influence the future of the entire industry. As I said earlier, the majority of our soybeans are now used in the manufacture of food products. Soybeans have become a major source of oil for shortening, mayonnaise, margarine, and similar products. But for some strange and unknown reason such products made from soybean oil have a tendency to change their flavor after a few weeks. They do not spoil or become rancid. They just change to a less desirable taste. Unless we can stabilize the flavor of soybean oil, competing oils may to some extent surplant it as a food product as supplies become more nearly normal.

There are a number of other fields of work planned that cut across commodity lines that will be of value to your industry. Among them are:

A study to develop a method to include oil content in the grading and inspection of oilseeds;

An economic study of basic factors affecting production, prices, and consumption of fats and oils;

A number of related studies dealing with the adequacy of our present retail and wholesale market news service, of the fields into which it needs expansion, and the methods of obtaining new basic data pertaining to market supplies and movements and

A study of the economics of oilseed processing. Though original emphasis in this latter study will be placed on cottonseed oil mill operations, we hope to broaden the work at a later date.

There will also be work on the problems of expanding consumer outlets for all agricultural commodities, of achieving greater economy in the transporting and marketing of agricultural products, and of increasing mechanization, including work on weed control and machines to apply insecticides and fungicides.

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I might mention other projects, but these are the primary ones now planned which will be of direct concern to you people. There will also no doubt be studies undertaken by the State experiment stations which will also deal with soybeans.

After plans for this year's program of Federal and State research are completed, I anticipate that we may discover problems deserving priority treatment which -- in spite of our careful planning -- have been overlooked. Furthermore, there may be new problems arising in the course of the year which merit immediate attention. We have set aside a portion of our funds -- a reserve -- to take care of such eventualities. If you know of problems which you feel fall in either of these categories, we would appreciate your calling them to our attention.

To round out this picture of soybean research let me say a word about the third partner who is sharing in this work -- that is the soybean industry itself. In spite of the fact that most of your industry's growth has taken place in very recent years -- and war years at that -- you have already done much valuable research work. I think this work should -- and will -- expand in the years ahead. The job of the Government under the Research and Marketing Act is not to take over your research function, but rather to do for farmers and the processors and distributors of farm products those things which they cannot do for themselves and which -- if done -- would strengthen American agriculture.

It seems to me that one of the most important contributions which we can make under this act is to point up the major research needs in agriculture and then act as a coordinating office in channeling all available facilities into the solution of these problems. For example, our work in bringing leaders of the soybean industry together to ferret out the widespread research needs of the industry is in itself a major step forward. We hope to do more of that in the future.

But helping industry formulate an up-to-date statement of research needs is only part of this job. We face a still bigger task of acting as an integrating unit in helping the various independent groups which have a contribution to make, best utilize their resources in the solution to these problems. This means coordinating the work of the various agencies within the Department of Agriculture itself; it means coordinating Federal work with that of the States; and finally it means integrating Federal and State work with that of industry. When you remember that this research work is going on in various agencies of the 48 states, in numerous bureaus of the Department and in Department laboratories scattered throughout the nation, and finally in the many complex industrial and other non-governmental institutions -- you begin to realize the size of this job. It is a job we cannot do by ourselves. But if you, and the other groups I have mentioned want to do this job, we can spearhead it and act as a central clearing house of information.

To me one of the most essential elements of the assignment -- and one of the keys to the whole success of the Research and Marketing Act -- is in the establishment of a solid basis of Government-Industry cooperation. And by industry, I mean everyone concerned with agricultural products from the farmer to the distributor. Our job is to serve you and we can serve you properly only if we have a close working relationship. That is why we went to industry at the very beginning to find out what their needs were. That is why I welcome opportunities like this to meet with industry leaders and discuss the work.

In conclusion, let me say that I am fully aware of the active support given by the American Soybean Association in the passage of this legislation and the appropriation for it. We hope that through cooperation with you we will achieve such results as to merit your continued support.







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December 2, 1947

UNITED STATES DEPARTMENT OF AGRICULTURE  
Research and Marketing Act

Washington, December 2, 1947

(Summary of a talk given by E. A. Meyer, administrator of the Research and Marketing Act of 1946 at the annual meeting of the American Agricultural Editors' Association, Morrison Hotel, Chicago, Ill., Tuesday, December 2, 1947, 6:00 p.m., CST.)

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Organized, sustained, and realistic abundance has been expressed by the Secretary of Agriculture as the inevitable long-time goal for agriculture in the years ahead. The production record of American farms for the past 5 years certainly indicates that the production phase of such a goal is physically possible. A farm worker today produces twice as much as he did 30 years ago. An hour's work now produces a third more milk, 50 percent more corn, and more than twice as much wheat as it did in 1920. These are but a few of the many examples that could be cited.

Due credit should be given, of course, to good weather and the remarkable effort and cooperation of farmers during and since the war to keep agricultural production at an all-time high. But few will argue about the important role that has been played by improved plant varieties, better breeding, feeding, and management of livestock, better use and care of our natural resources, more efficient machines and ways of using them. Although research by State, Federal, and private agencies has drawn the blueprints for improvements in agricultural production, the results might mean much less to farmers were it not for the successful efforts of the farm press in disseminating information about research progress. One is constantly encouraged by your support of research through editorials and feature articles.

We all want abundance, I'm sure. If the Marshall plan or some modification of it is passed by the Congress we will need abundant production.

Indications are that the long-time welfare of the United States will demand high production. One of the more enlightening facts that emerged from World War II is the great volume of food that people in this country will eat if it is available to them and they have the ability to buy it. With the exception of bread, butter, and potatoes, the consumption of most staple food items has increased appreciably from pre-war days to the present time.

For example, the average American now eats 3 pounds of meat a week compared with 2.4 pounds pre-war; 3.6 quarts of milk and cream compared with 3 quarts pre-war; 2.2 ounces of cheese now compared with 1.7; 7.3 eggs a week now as compared with 5.7 pre-war; 2.8 pounds of fresh fruit now as compared with 2.7 pre-war but 11.9 ounces of canned and frozen fruits now against only 6.1 pre-war; fresh vegetables, 5 pounds now compared with 4.5 pre-war; canned and frozen vegetables, 15 ounces now compared with 9.7 pre-war. Weekly consumption of potatoes has gone down about one-tenth of a pound per capita. Butter consumption has decreased from 5.1 ounces pre-war to 3.5 ounces now while margarine has increased from .7 ounces weekly to 1.1 ounce.

Just as clearly, however, as the record of recent years shows how productive our farms can be, the record for several decades back shows how abundance can create problems. So long as the level of food consumption depends on internal economic conditions, the demand situation can change rather quickly. The same is true, of course, about international conditions. Even with relatively good economic conditions we might have surpluses of some things. In 1926, for instance, we had relatively full employment but a surplus of cotton, and in 1929 we had relatively high employment with a surplus of wheat.

It may seem anomalous to talk about surpluses when there is so much evidence of hunger in the world, but, knowing the virtues of preparedness,

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we think it is simply good common sense to prepare now for the problems we know surpluses can and might bring. Last April the House Committee on Agriculture in announcing hearings on long-range agricultural policy stated that "The direction in which we believe the future welfare of American agriculture lies was pointed out in the last session of Congress by the Research and Marketing Act, which declares that the expansion of consumption, rather than the limitation of production, is the basic answer to our problems. The Act, however, could do little more than establish a major compass point and indicate the goal toward which we want to travel."

The Research and Marketing Act was passed unanimously by both Houses of the 79th Congress and was signed by the President on August 14, 1946 to become Public Law 733. Funds for putting the law into effect, however, were not made available until July 30, 1947. Of the 19 million dollars authorized for the fiscal year 1947-48, 9 million were actually appropriated, which amount was allocated as follows:  $2\frac{1}{2}$  million dollars as direct grants, under a specified formula; to the State experiment stations for all types of State or cooperative regional research; 3 million to the USDA for research on new and wider uses of agricultural products;  $1\frac{1}{2}$  million to the USDA for cooperative research with the States on research other than new and wider uses; and 2 million for the USDA to devote exclusively to the development of a sound and efficient system for distributing and marketing agricultural products.

Although the new research Act does not extend the scope of work that can be undertaken by Federal funds in the States or by the USDA, there are some new features about it. For instance, of the  $2\frac{1}{2}$  million dollars allocated to the States by formula, at least 20 percent must be used for marketing research or services. Indications are, however, that the States are actually using about 40 percent of these funds for marketing research. The Act positively



encourages more cooperative research between States by authorizing as much as 25 percent of the direct-grant funds to be used for research that involves problems that are common to two or more States.

With the allocation of 3 million dollars for research on new and wider uses of agricultural products, new impetus can be given to the work that has been under way in this field, mainly in the Department's four regional laboratories. This money has been assigned to appropriate bureaus of the Department for work in these three broad categories: (1) To develop new and improved uses for farm commodities; (2) to improve human nutrition and extend food uses for farm products; and (3) to preserve and improve quality and prevent spoilage of farm products between the producer and the consumer. Under this section of the Act we are authorized for the first time to contract to have research done by a public or private agency or individual if, in the discretion of the Secretary of Agriculture, the work can thus be done more efficiently, quicker, and at less cost than by the Department. More than 50 projects have been approved so far under this section of the Act.

Federal-State cooperative research on general agricultural problems other than utilization is further encouraged by the allocation of  $1\frac{1}{2}$  million for this purpose. The broad lines of work on which this money is being used are: (1) Development of new and more profitable uses of our manpower, soils, water, plant, and animal resources; (2) reducing insect, disease, and other hazards in agricultural production; (3) more efficient and satisfactory use of farm buildings, machinery, and power; and (4) to improve the marketing of agricultural commodities. Forty-three projects have been approved for action in cooperation with State Experiment Stations.

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The section under which 2 million dollars has been allocated is the marketing part of the Act and is significant because it recognizes the need to bring our distribution and marketing system up to date so it can do a better job of handling the abundance that basic production research has done so much to bring about. In the past the Department has had only about 1 million dollars a year for research on marketing but much of it was earmarked for the development of grades and standards. With the specific authority and funds allowed under the new research Act, we can get down to business on some of the more tangible problems of marketing and distribution of agricultural commodities. The first year's work toward this goal will concentrate on getting new and basic information along these lines: (1) Where and how to expand market outlets; (2) how to reduce marketing costs and margins; (3) develop new standards and grades, where necessary, to improve the marketability of farm products; (4) how to improve and encourage wider use of better marketing methods, facilities, and equipment; (5) how new processing and packaging techniques can be used to minimize waste and increase salability of farm produce, particularly in retail stores; and (6) collection of data and analyses of consumer demand and preferences for products of agriculture. To date 61 projects are under way all aimed at these broad objectives.

Another new feature of the Act -- one which I think will have a salutary effect on a program of this kind -- is the requirement that a National Advisory Committee be appointed by the Secretary to recommend what types of research should be undertaken and to assist him in obtaining the fullest cooperation not only from Federal and State agencies, but also from producers, farm organizations, and private industry. Such a committee was appointed a little over a year ago and consists of these men:

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Howard E. Babcock, farmer, writer, and chairman, Board of Trustees of Cornell University, Ithaca, N.Y.; Fred Bailey, of the National Grange, Washington, D.C.; Robert R. Coker, vice president of Coker's Pedigreed Seed Company and an officer of banking, mercantile, and cottonseed oil firms, Hartsville, S.C.; John H. Davis, executive secretary of the National Council of Farmer Cooperatives, Washington, D.C.; Charles F. Kettering, general manager of the Research Laboratories Division, General Motors Corporation, Dayton, Ohio; C. W. Kitchen, executive vice president of the United Fresh Fruit and Vegetable Association, Washington, D.C.; Albert K. Mitchell, rancher and member of the New Mexico Cattle Growers Association, Albert, New Mexico; James G. Patton, president of the National Farmers Union, Denver, Colo.; Walter L. Randolph, president of the Alabama Farm Bureau Federation, Montgomery, Ala.; H. J. Reed, head of Purdue School of Agriculture, the experiment station and of Purdue Extension Service, West Lafayette, Ind.; and W. Kerr Scott, state commissioner of agriculture, North Carolina, Raleigh, N.C.

In addition to the National Committee, the Act authorizes the Secretary to establish specific commodity committees to represent producers, private industry, and science in developing research and service projects. Nineteen such committees have been named and are currently holding their second round of meetings in Washington to review work under way and to suggest projects they feel are most urgently in need of attention in the 1948-49 fiscal year. The commodities represented are citrus fruit, cotton and cottonseed, dairy, deciduous fruit, dry beans and peas, feed, grain, livestock, peanuts, potatoes, poultry, rice, seeds, soybeans and flaxseed, sugar, tobacco, tree nuts, vegetables, and wool. The advice of these commodity groups has definitely been constructive and helpful. Three so-called across-commodity committees on transportation, foreign trade, and cold storage have been named to help us out in suggesting research that is pertinent to all commodities.

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Time will not permit me to even mention all of the some 150 projects that have been approved under the Act, but I would like to discuss a few of them briefly which will indicate, I believe, how the current program might fit into the long-range goal of realistic abundance.

There is a generally recognized need for reducing the cost of getting farm products from the grower to the consumer. Too little is known about what happens to farm produce after it leaves the farm. As early as 1915 this problem became the concern of many Mid-west farm papers and in the hope of doing something about it helped along the farmer cooperatives movement. Today memberships in farmer marketing and purchasing cooperatives number more than 5 million doing an annual business of over 6 billion dollars, but as a group still concede that there are many seemingly unsurmountable difficulties.

There is general agreement that one way to reduce distribution costs would be to develop and encourage wider use of more efficient methods and equipment for handling farm produce after it is harvested. In many production areas there are inadequate or complete lack of assembly markets where the products of various growers can be brought together, graded, packed and shipped to terminal markets. Inefficient facilities and failure to use labor-saving devices not only adds to the price that must ultimately be charged to the consumer but it restricts volume movement of goods and it lowers quality and causes waste. A project under the R&MA is aimed directly at this problem under which studies will be made to determine what kinds of market facilities are most efficient for handling produce at assembly points, secondary markets, and terminals. The operations of individual business establishments will be examined to see how much time is required to handle different commodities under varying conditions and with different types of equipment. The results will be brought together and made generally available to every link in the distribution chain in the hope of achieving greater efficiency and uniformity.

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An enormous toll of fruit and vegetables is taken each year by diseases during shipment. Outstanding examples are stem-end rot of citrus fruit, bacterial soft rot of vegetables, and blue mold rot and gray mold rot of apples and pears. Researchers will attempt to prevent this loss by the use of fumigants and disinfectants or antiseptic washes. They will also try to find out what influence different types of containers, ventilation, and refrigeration might have on spoilage.

Studies on prepackaging will be undertaken in another project in which researchers will determine whether it is better to prepackage certain items of produce where it is grown or at terminal markets. They will also evaluate the merits of different vapor proof and porous plastic wrapping materials for various commodities and will make tests to find the best methods for washing, trimming, refrigerating, shipping and displaying of prepackaged produce as compared with usual bulk offerings of fresh produce. The cost element will be closely watched in all of these studies, because any improvements in quality, food value, appearance, or convenience will be meaningless if it causes the item to be priced out of range of millions of low-and fixed-income people.

Each year insects eat or destroy more than 400 million dollars worth of grains, cereal products, and seed stocks during farm storage, in freight cars, mills and warehouses. Small-scale experiments show that these losses can be prevented by such measures as cold dry storage, fumigation, residual type sprays, protective packaging and, in the case of seed stocks, treatment with certain insecticidal dusts. The subject of a project under the R&MA is to find out if these insect-control methods are practical on a large commercial scale. The State experiment stations of Kansas, Minnesota, and Georgia are cooperating in this work as well as elevator and warehouse operators, farmers, railways, millers, chemical companies, and commercial package and bag manufacturers.

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May 17-18, 1948 CROP CONDITIONING AS RELATED TO MARKETING

Abstract of statement by E. A. Meyer, Administrator of the Research and Marketing Act, before the Crop Conditioning Conference, Washington, D.C. - Beltsville, Maryland, May 17-18, 1948.

Field crops to be marketed need to be in good condition so that they (1) may be stored (which includes transportation) and (2) retain their greatest nutritive and other values.

Harvesting of grain, seed, hay, oil and fiber crops in great volume with machinery usually means harvesting while the crop is too high in moisture for safe storage, either on the farm or in commercial storage.

Waiting for nature to condition a crop properly usually means loss of part of the crop through shattering, as with grain and seeds, or even much of the nutritive value, as with hay. It also means that the weather must be just right at harvest time.

Until farmers became more conscious of losses in nutritive value and other qualities through using natural drying conditions, there was little demand for mechanical conditioning. Nor were dependable mechanical conditioners available for farmers who wanted them.

Scientific production and harvesting of crops have moved much faster than has conditioning for market. The full benefit of a farmer's efforts in growing and harvesting cannot be realized if he cannot properly condition his crop for storage, transportation, and other steps in the marketing process.

Again many farmers are unaware of losses in quality during farm storage. In the spring of 1946 every fifth crib of corn along selected highways in the United States was sampled. Even though most owners stated their corn was in good condition, widespread damage was found, sometimes as much as 40 percent.

Crops improperly conditioned means losses in dollars and cents not only to the grower, but also to the buyer, processor, and consumer. They also mean losses, for example, in the nutritive value of feed, in the quality of tobacco and in the viability of seed.

Producers and processors are beginning to see the need for proper conditioning of farm crops to be stored or marketed. The recommendations of our commodity advisory committees, which will be presented this afternoon, show the need for dependable crop-conditioning equipment right on the farm.

Not all farm crops can or should move directly to market for conditioning. Terminal facilities cannot handle most crops as fast as they can be harvested by modern machinery. A glut of farm crops on the market is price depressing. Furthermore, immediate movement of all crops off the farm upsets the principle of orderly marketing.



The science of marketing has not kept up with the science of production. And one of the steps in "marketing" might well be called the proper conditioning of crops .. on the farm as well as off the farm.

One of our big marketing problems ... is the marketing of crops that have not been conditioned properly. Generally speaking, crops in good condition sell readily, and at profit to the grower. Sometimes it's the buyer who is hard put to find a use for grains, hay, tobacco, oil, and other crops that have lost their inherent quality through being poorly conditioned.

Thus, one of our big projects under the Research and Marketing Act, is research into the industrial utilization of damaged and inferior grades of food and feed grains. As long as crops are coming to market out of condition, we not only will have to find uses for them, but we will as well have to develop a stable market. Proper conditioning of crops right on the farm would do away with one of our big marketing problems.

Right here we should state again that there is much to be learned as to whether a crop is in "good condition"; as to whether it carries either inherently or as a result of conditioning, the nutritive or other values which the processor and consumer want. Also, there is much demand for changes in grades and standards. And our concepts of "what is good conditioning" must keep pace with demands of processors and consumers.

It is possible that the time is coming when buyers will be more discriminating in the crops they buy, as we learn more about what is "good condition" and how it may be obtained. It is possible, for example, that a corn processor might contract to buy that grain only if it were of a certain variety, grown on soil of known fertility or fertilized to produce desired values in the grain, and "conditioned" to order.

Crops out of condition are price-depressing. The farmer has to get them to market. The buyer or processor doesn't particularly want them. They must sell as damaged goods, at "cut-rate" prices.

Our agricultural engineers have just reported on some of their work in conditioning high-moisture corn during the past winter. They found buyers offered a much higher price for corn after it was conditioned ... that extra value in the corn more than offset the cost of conditioning. One lot of corn that would have sold for \$1.98 a bushel, sold for \$2.23 a bushel, after moisture content was reduced from 23 to 17 percent.

Agricultural engineers at Purdue tell of an Indiana farmer who was offered \$1.85 a bushel for his corn before it was dried. After conditioning, the same buyer offered \$2.60 a bushel for the same corn.

The dairyman who buys hay is willing to pay more for hay in good condition. Studies by our Bureau of Dairy Industry show that barn-conditioned hay produces nearly 8 percent more milk per acre than hay field-cured in the usual way. And when the hay was made into silage so as to save even

more of its nutritive value, the yield of milk was nearly 12 percent greater than from the field-cured hay.

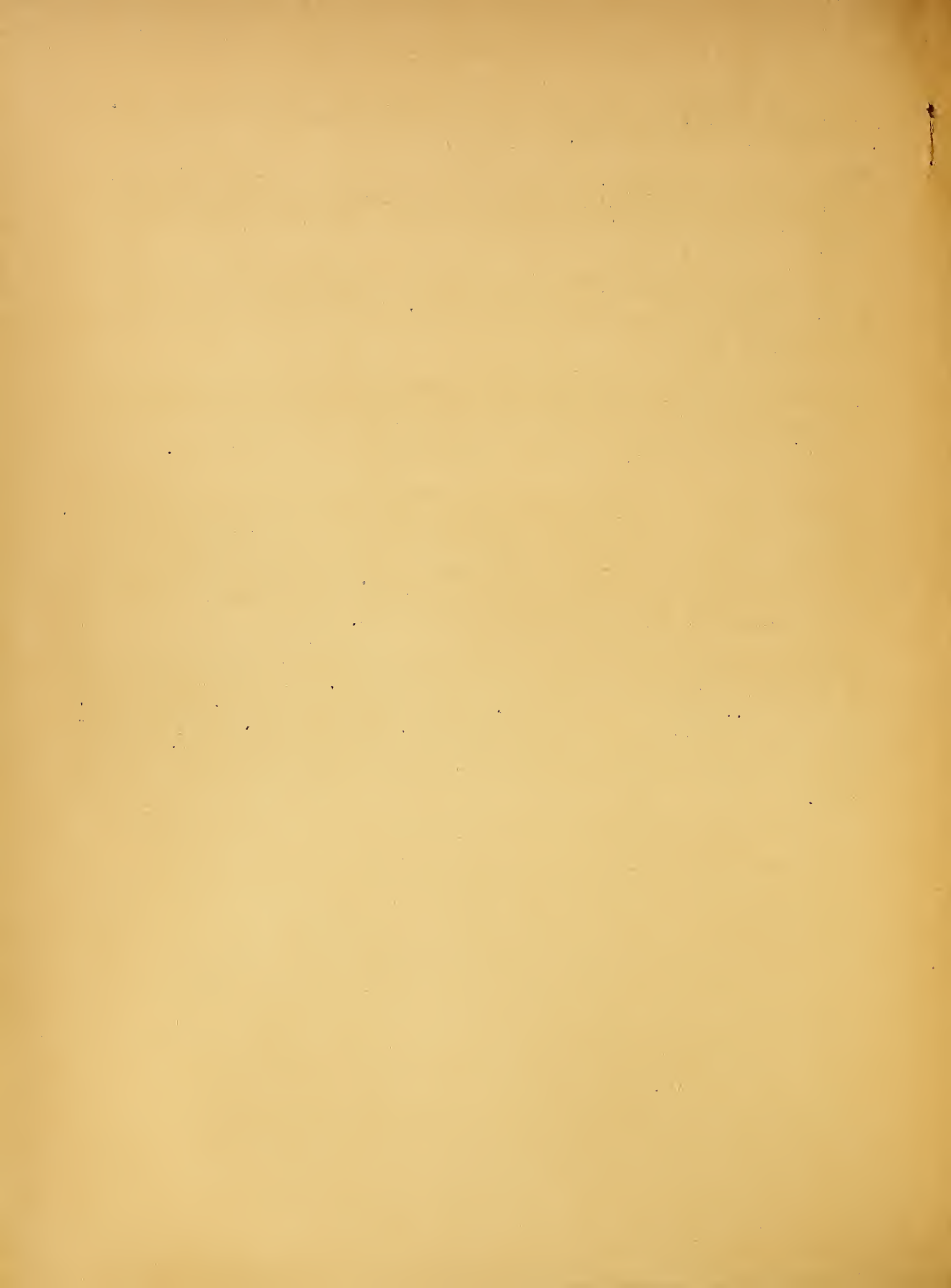
Tobacco farmers know that in the marketing of tobacco a good job of conditioning puts extra dollars in their pockets. Our agricultural engineers have shown how to do a better job at less cost. But there is much yet to learn.

Peanut growers, looking forward to mechanical harvesting and use of combines, are faced with a conditioning problem. Peanuts fresh out of the ground and picked directly from the green vines have too much moisture for marketing and storage.

Mechanical harvesting of cotton brings conditioning problems for both the fiber and the seed, so that both may be marketed without deterioration in quality. The excellent research of the Department's laboratory at Stoneville, Mississippi, has shown the value of proper conditioning.

Vegetable, legume, and grass seeds face long periods of storage in the marketing process. To retain their viability, they must be properly conditioned. This is a special problem in the Southeastern States where temperatures and humidity are high. In 1946 the germination of 70 percent of the blue lupine seed purchased by the Commodity Credit Corporation had fallen below 50 percent by the end of that year, and was not suitable for planting. Mechanical conditioning would have avoided most of that loss.

Farmers in many areas now are of the opinion that safe, dependable conditioning of crops means conditioning by artificial means. They are asking for inexpensive .. perhaps all-purpose .. driers that can be individually owned, or perhaps owned by a small group of farmers. In any event, they want reliable conditioning equipment readily available when the need arises. Smart farmers see good conditioning as the first step in the marketing of their crops.





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February 13, 1948  
UNITED STATES DEPARTMENT OF AGRICULTURE  
Research and Marketing Act

AGRICULTURAL ENGINEERING RESPONSIBILITIES AND OPPORTUNITIES  
UNDER THE RESEARCH AND MARKETING ACT

Address prepared for delivery by E.A. Meyer, Administrator of the Research and Marketing Act, before the Southeast Section of the American Society of Agricultural Engineers, Friday, February 13, 1948, 9:30 A.M., Hamilton Hotel, Washington, D.C.

The accomplishments of agricultural research depend so much on the ingenuity of the agricultural engineer that it is indeed a privilege for me to discuss with this group some of the responsibilities and opportunities we have in common. It has been estimated that 85 percent of this country's vast agricultural research program has engineering phases or implications. Although work under the Research and Marketing Act will emphasize the utilization, marketing, and service phases of agriculture, my guess is that the 85 percent figure still applies.

There are many reasons why the agricultural engineer must assume responsibility for attacking more aggressively than ever the problems that would retard or jeopardize the advances that have been made in applying engineering principles to farm living, production, and utilization of farm products.

The accomplishment and maintenance of organized, sustained, and realistic abundance in this country, as propounded by the Secretary of Agriculture, will depend in no small measure on the continued initiative and inventive ability of you engineers. Less than a year ago the House Committee on Agriculture stated that "The direction in which we believe the future welfare of American agriculture lies was pointed out in the last session of Congress by the Research and Marketing Act, which declares that the expansion of consumption, rather than the limitation of production, is the basic answer to our problems." We might also ponder the fact that the world is producing less than it did 10 years ago for a population that has increased by 200 million persons. There is indeed, some more work to be done!

To assure ourselves that there are great possibilities in the field of agricultural engineering we need but to look at some of the accomplishments of the

past. I agree with the sage who said that the past is but a prologue to the future! Consider the machine that can turn out 300 pounds of shelled peanuts an hour. It would take one man 300 hours to shell that many by hand. I understand there is a hay baler that will pick hay up from the windrow and turn out up to 6 tons of bales an hour. There is a flame weed cultivator which, I'm told, can cover as much as 50 acres a day. Rice fields are planted from the air at the rate of about 50 acres an hour. A mechanical cotton picker is on the market which, the manufacturer claims, will pick a 500-pound bale in 75 minutes, or from 40 to 50 times faster than that much cotton can be picked by one man picking by hand. There is a potato digger, or harvester, that digs, gathers, grades, sacks, weighs, and delivers the potatoes to a waiting truck; the estimated saving is upward of \$50 a day over the usual methods of handling this crop.

In the past 20 years or so the average labor requirements for crops like corn, wheat, oats, and soybeans have dropped 20 to 40 percent. Actual studies in Illinois show that an acre of corn can be produced with about 7 hours of labor, and an acre of soybeans with about 4 hours of work. It took twice that long 20 years ago. And along with this reduction in man hours there has been a not reduction in farm costs. A study based on labor-saving methods and equipment used by five Indiana hog producers proved that an average of only 1.7 hours of work per head was required to produce a 225-pound market hog. The average for the state was 5 to 7 hours. In New York State a study reveals that some poultrymen there take care of 1,000 hens in 2 hours a day, but others take care of the same number in 21 minutes.

Yes, many things have been accomplished which only a few decades ago were but a gleam in the inventor's eye. Some of these machines and gadgets are still in the experimental stage; some of them are not adapted to a sufficiently wide range of conditions; the plans for others are still on the draftsman's board but in all

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probability will become realities because farmers, agricultural engineers, and implement manufacturers agree there is a need for them. But the surface apparently has barely been scratched in view of the vast number of suggestions that have been made for agricultural engineering research under the R&MA. Moreover, if agriculture is to have a position in research equal to that of other industries, there is no time to lose.

The results of a recent survey as to future plans of industry as a whole (other than agriculture) regarding research indicate a sharp upward trend in the amount of money and effort that will be spent. In reply to a question designed to find out the extent of future research activities, 72.5 percent of the companies queried plan to expand, 26.9 percent will make no change, and only 0.6 percent foresee a decrease. As to the amount of money to be spent on research as compared with pre-war, 87.1 percent expect to spend more, 10.6 percent will spend the same, and 2.3 percent expect to spend less. Of the total time spent on research, the survey shows that 47.6 percent is devoted to improvements in present products or processes, 42.3 percent to the development of new products or processes in the respective field of the company queried, and 14.7 to the development of new products or processes in other fields.

We should help and encourage private enterprise to conduct agricultural research in every way it can and will but there are certain phases of farm research that may never be tackled except through public research. The R&MA authorizes the Secretary of Agriculture to conduct "research relating to the design, development, and the more efficient and satisfactory use of farm buildings, farm homes, farm machinery, including the application of electricity and other forms of power". This provides clear-cut authority to make farm living more comfortable and convenient, and farm production more efficient through mechanization. The ACT also stresses the need for finding new and wider uses of farm commodities and in this

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field we well know that the chemist and engineer must largely share the responsibility for getting results.

Now let's take a look at some of the more specific problems of agriculture to which engineering research might well be applied. Some of these were outlined recently by Arthur W. Turner who is in charge of agricultural engineering research at Beltsville, and I heartily agree that they are basic and important.

Dairy nutritionists say that enough protein is now lost in handling hay to feed 7,500,000 dairy cows for 6 months. So what new equipment and methods are needed in harvesting and curing hay? Their development is largely an engineering problem. We need to know more about barns for dairy cows in order to provide an environment for highest production, to lower costs of production, improve quality of the product, and to maintain the health of the animals. Studies should also be made to protect the structures themselves from damage by decay and other causes.

How valuable is the labor that is performed about farm buildings in caring for livestock and crops? In dairying and in poultry and egg production up to 80 percent of the labor time is spent in the buildings. The average time required to care for 1 cow is 140 hours a year and it takes approximately 200 hours a year to care for 125 laying hens and pullets. Compared with crop production these requirements are very high. What new equipment, buildings, or arrangement of buildings and work procedures are needed to cut down the man-hours required?

How much does the producer pay for inefficiency in farm processing plants and small industries that handle farm products? Output per worker, I understand, varies as much as 25% in creameries within boundaries of a county, 800 percent in milk marketing, and 65 percent in poultry processing plants. What can engineering do here to lessen costs and get efficient methods more widely adopted?

What are the crop conditioning requirements and what facilities does the producer need so he can hold and market his commodities in top quality condition at his own convenience rather than dump them on a flooded market at harvest time?

The possibilities of freezing fresh milk on the farm are just becoming known. In the relatively near future poultry may be fresh-dressed, frozen, and sold directly from farms. With further research in farm refrigeration, the marketing of many perishable products might easily be revolutionized. This would seem to suggest a tremendous field of engineering research that is relatively unexplored.

The present world shortage of fibers which is especially serious here in the United States indicates the importance of speeding up research that might lead to the establishment of new fiber industries in this country. But we first need to know what economic factors are involved in the production and processing of new fiber crops such as ramie, sansevieria, and others on a commercial basis. Can tobacco, cotton, peanuts, sweetpotatoes, and similar crops be mechanized for quantity production and quality control? On some of these a start has been made, but that's about all.

What are the possibilities of electric radiation in agriculture? Preliminary work has already indicated a tremendous field for research on the possibilities of supersonic energy and its effects on plant, bacterial, insect, and animal life.

These are a few of the immediate problems that challenge the agricultural engineer and I suppose one could go on ad infinitum listing others. Literally, hundreds of recommendations with engineering implications have been submitted by producer-industry commodity advisory committees that have been established under the Research and Marketing Act. I assure you it has been no easy task to sift and weigh the merits of all the suggestions and decide which should be gotten under way this first year. I'm glad to be able to report that about 165 projects have been approved, many of which are in progress by the bureau or agency that is actually doing the work.

I hope I am not taking too much for granted in assuming that this group is familiar with the general purposes and scope of the R&MA. Actually it does

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not extend the scope of research that can be undertaken with Federal funds but it gives new emphasis to the need for utilization and marketing research and services. Another feature, one that should be of special interest to engineers, is that it permits the Department for the first time to contract to have research done by a public or private agency if, in the judgment of the Secretary of Agriculture,<sup>the</sup> work can thus be done more efficiently, quicker, and at less cost than by the Department. About 20 projects have been approved so far that involve research or service contracts.

Another new feature of the Act is the requirement that a National Advisory Committee be appointed by the Secretary to recommend what types of research should be undertaken and to assist him in obtaining the fullest cooperation not only from Federal and State agencies, but also from producers, farm organizations, and private industry. In addition to the National committee the Act authorizes the Secretary to establish specific commodity advisory committees to represent producers, private industry, and science. Nineteen such committees have been named and they have just completed their second round of meetings to review work that is already in progress under the R&MA and to recommend work they believe is most urgently in need of attention for the next fiscal year. The commodities represented by separate committees are citrus fruit, cotton and cottonseed, dairy, deciduous fruit, dry beans and peas, feed, grain, livestock, peanuts, potatoes, poultry, rice seeds, soybeans and flaxseed, sugar, tobacco, tree nuts, vegetables, and wool. Three so-called functional committees--transportation, foreign trade, and cold storage--have also been named to recommend research that is pertinent to several or all commodities. (Should anyone want to know who is on any or all of these committees we will be glad to supply such information upon request).

Although the R&MA was passed unanimously by both Houses of the 79th Congress and was signed by the President on August 14, 1946, to become Public Law 733, funds for putting the law into effect were not made available until July 30, 1947, about



6½ months ago. Of the 19 million dollars authorized for fiscal year 1947-48, 9 million dollars were actually appropriated, which amount was allocated as follows: 3 million dollars for research on new and wider uses of agricultural products; 2 million for the development of a sound and efficient system for distributing and marketing the products of agriculture; 1½ million for cooperative research with the State Agricultural experiment stations on work other than new and wider uses; and 2½ million dollars as direct grants (on a matching basis) to the State experiment stations for all types of State or cooperative regional research with the proviso that not less than 20 percent of the direct-grant funds be used for marketing research or services.

In order to give you a bird's-eye view of the scope of work being undertaken this first year, I would like to set forth the types of research being done under each part of the Act. To find new and wider uses for farm products, Title I, Section 10(a), projects are aimed at these three objectives: (1) To develop new and improved uses for farm commodities; (2) to improve human nutrition and extend food uses for farm products; and (3) to preserve and improve quality and prevent spoilage of farm products from the time they are harvested until they reach the consumer. About 60 projects have been approved in these fields, the bulk of which have been assigned to the Bureaus of Agricultural and Industrial Chemistry and Plant Industry, Soils, and Agricultural Engineering.

Under Title I, Section 10(b), which provides for Federal-State cooperative research on problems other than utilization, work is being done in these categories: (1) Development of new and more profitable uses of manpower, soils, water, plant, and animal resources; (2) reducing insect, disease, and other farm production hazards; (3) more efficient and satisfactory use of farm buildings, machinery, and power; and (4) to improve the marketing of agricultural commodities. About 45 projects have been approved in these categories, a big share of which have been assigned to the Bureau of Plant Industry, Soils, and Agricultural Engineering.

Under Title II, the marketing part of the Act, the first year's work will concentrate on getting new and basic information along these lines: (1) Where and how to expand market outlets; (2) how to reduce marketing costs and margins; (3) develop new standards and grades, where necessary, to improve the marketability of farm products; (4) how to improve and encourage wider use of better marketing methods, facilities, and equipment; (5) how new processing and packaging techniques can be used to minimize waste and increase salability of farm produce, particularly in retail stores; and (6) collection of data and analyses of consumer demand and preferences for the products of agriculture. Approximately 60 projects have been assigned in these categories and, for obvious reasons, the great bulk of them will be carried on by various branches of the Production and Marketing Administration, The Bureau of Agricultural Economics, and the Extension Service.

Time would not permit me to even briefly discuss all the projects that are under way but I would like to say a few words about some of them that are primarily in the field of engineering.

Because of the increasing competition from foreign cotton and synthetic fibers, U.S. cotton growers are faced with the problem of reducing costs of production in order to meet this competition. Further mechanization, including mechanization on smaller farms, seems to be part of the answer. Accordingly, a project is under way to develop equipment for producing and harvesting cotton on small farms that have 20 acres or so in cotton, and to improve such equipment for use on larger operations. A special phase of this work will be to work out satisfactory methods and equipment for seedbed preparation, delinting of cottonseed for planting, weed control, and better means of applying insecticides and fungicides. The studies will be correlated with problems of ginning mechanically harvested cotton. To any of you who are impatient about getting a cotton picking machine perfected right now, it may be interesting to know that the first patent for a machine to pick cotton

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was granted back in 1850. Since then inventors have patented more than 1,800 devices for picking cotton, most of them, unfortunately, of doubtful practicality.

The object of a related project that should be of interest to the cotton industry, especially engineers, is to develop improved equipment and techniques for ginning cotton so that losses will be minimized and the salability of cotton and cottonseed increased. An effort will also be made, under still another project, to develop a better instrument for determining the tensile strength of individual cotton fibers.

Regarding tobacco an attempt will be made under the R&MA to improve structures and equipment for curing and processing bright-leaf tobacco. It is hoped that the results will help reduce labor and fuel costs and improve the quality of this type of tobacco. In another project a study and analysis will be made of tobacco marketing methods, facilities, and services in order to appraise their adequacy and efficiency. Although engineers will have little, if any, part in making such a study the results should be of interest to them.

The need for improved strains of peanuts for food, feed, and other purposes has prompted the approval of a project under one phase of which scientists will make field tests to locate varieties and breeding lines with disease resistance, high yield, and other desirable qualities. Another phase will be to find methods of harvesting and curing the peanut crop to reduce costs and waste, and to improve the quality of farmers' stock peanuts. The goal of another study is to improve marketing facilities, equipment, and methods for storing oilseeds and their products.

The possibilities for new and useful chemical derivatives from gum naval stores will be explored on a pilot plant basis. Tests will be made directly from pine gum or from turpentine and resin the results of which should give chemical engineers the information they need to convert naval stores into many new products.

About 2 billion eggs, or 5 percent of all eggs produced annually, either are broken or for some reason become inedible from the time they are laid until they



reach the consumer. To alleviate this problem two projects have been activated, one to increase efficiency and sanitation in the handling of eggs, and second, to develop specifications for egg containers that will prevent breakage and retain better quality in the eggs in transit.

A considerable number of projects relating to field crops will involve engineering principles. For example, the development of new and improved uses for rice and rice by-products and better methods of storing and processing rice; establishment of a laboratory and pilot plant facilities with which to develop improved techniques for malting barley and evaluating the malting quality of barley; the development of industrial and other outlets for grain and evaluation of motor fuels made from grain in experimental and full-scale engines; the development of corn-drying equipment for farm use; and the improvement of methods, machinery, and materials for packaging beans, peas, and rice to reduce packaging costs and to eliminate waste. These are by no means all the projects on field crops but they represent the kind having important engineering aspects.

Research projects of interest to the engineer which have been approved in the fruit and vegetable field are as follows: Construction of a citrus fruit laboratory including the installation of basic equipment; the development of new and improved uses for citrus and deciduous fruit products, especially to prevent waste; commercial-scale experiments to determine the practicability of converting vegetable field wastes into poultry and other animal feeds; the conversion of potatoes to more stable forms and the development of new methods of putting potatoes to feed and non-food uses; quality preservation in prepackaged fruits and vegetables; and refrigeration of fruits and vegetables at source and at the market.

Some of the so-called across-commodity projects in which agricultural engineers will be directly or indirectly concerned are: Erosion control and stable crop production on the steeply sloping soils of Puerto Rico; relieving the pressure on farm irrigation supplies through the development of underground aquifers; improved equipment for applying insecticides and fungicides; more practical methods and equipment for weed control; experiments on the mechanics of wind erosion; economics of farm mechanization and other improved techniques; the determination of space and facility needs in farm houses; functional requirements, materials and construction methods for farm building, including structures for farm storage; a study of factors affecting electric power consumption on farms; the development, demonstration, and promotion of more efficient market facilities and methods for handling farm products at terminal markets and concentration points; and reduction of waste through improved packaging materials and loading techniques.

This suggests the kind of work being done under the R&MA in which the agricultural engineer has an opportunity and a direct responsibility. The first year's work perhaps involves a higher percentage of exploratory work than will be necessary in future years. In these exploratory efforts I suppose we will run into some dead ends but with the continued intelligent cooperation of groups such as this I'm sure much can be done for the public welfare.

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UNITED STATES DEPARTMENT OF AGRICULTURE  
Research and Marketing Act

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June 18, 1948  
X WHAT IS THE FUTURE FOR APPLES? X

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A talk by E. A. Meyer, Administrator of the Research and Marketing Act, before the National Apple Institute, Harrisburg, Pa., Friday, June 18, 1948, 1:00 p.m., EDST.

(For June 18 P.M. Release)

It is a genuine pleasure for me to be your guest here today. Having spent some of the best years of my life in the industry your group represents, it is a special privilege to be on your program to discuss with you some of the problems we have in common.

As a one-time member of the apple business and in my work with the Department of Agriculture I have come to realize more and more the importance of intelligent cooperation between government and industry. One of the new and more desirable features of the Research and Marketing Act, in my opinion, is the provision for commodity advisory committees to work with men in the Department of Agriculture in planning research that will get at our most serious problems first. These committees represent producers, industry, and science in respective fields--the members of the Deciduous Fruit Committee, for instance, make their living in the fruit production, processing, or merchandising business. I assure you that their advice has been most helpful.

I am going to talk about the problems and future of the apple industry. To do this it may be helpful at the outset to review briefly what has happened generally to production and consumption of farm products during the past decade or so. The change has been so great that I think it is a significant barometer of the future.

With less equipment and less help to operate it American farmers during the war did a miraculous job of meeting not only the tremendously increased



domestic demand for farm products but also a good share of the foreign demand. Since the war ended, total farm production has been running about a third above pre-war and, barring natural hazards, there is reason to believe we can and should maintain or even increase this high level of production.

The war years and the post-war years up to the present time have amply proved that there are outlets for abundant production if the masses of people can afford to buy more nearly what they want. Food consumption records for the past seven or eight years have completely upset all pre-war estimates as to how much food the American people can stow away.

Of course the war brought on abnormal times and abnormal outlets for our farm-produced goods. During the pre-war years from 1935 to 1939, U. S. civilians took about 97 percent of our food supplies and 3 percent went for exports. But in 1943, a rather typical war year so far as food distribution was concerned, and with food production 33 percent above pre-war, civilians took 81 percent, the U. S. military 10 percent, and lend-lease and other exports about 9 percent. Food shipments under the UNRRA program added up to 9, 131,000 long tons, about three-fourths of which was supplied by the United States. Of our food supply last year--about 143 $\frac{1}{2}$  million tons--85 percent went to civilians, slightly more than 1 percent to the U. S. military, and about 13 $\frac{1}{2}$  percent or 19 million tons went for exports. Practically all of these exports, mostly cereal crops, went to countries that are still unable to produce what they need.

Irrespective, though, of export outlets which have helped to absorb a considerable share of America's abundant production since the war, let's take a look at how much food the average person is eating now compared with the five years prior to 1939. Last year the average person in this country ate 29 $\frac{1}{2}$  more pounds of meat than he did during 1935-39; 58 pounds more fluid milk and cream; 10 pounds more eggs; 7 pounds more fresh fruit and 17 pounds more of processed

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fruits; and, excluding potatoes, about 26 more pounds of fresh and processed vegetables.

There was a decrease, however, in the consumption of some foods. Using the same years for comparison, per capita use of wheat and other cereal grains has gone down 13 pounds; fats and oils products 3 pounds; and potatoes and sweet-potatoes about 12 pounds. Clear across the board, though, when all the plusses and minuses are accounted for, we find that last year average consumption per person was 16 percent higher than during the years just before the war.

At this point I'd like to make a brief comparison between the general farm conditions that prevailed after the first world war with those at the present time. It is now nearly three years since the fighting of World War II stopped. Cash farm income last year was more than 30 billion dollars, the highest on record. Farm mortgage debt has dropped 25 percent since 1941 and the standard of living for most farmers has continued to improve. They are definitely in a strong position to maintain high production and to buy the equipment and supplies which labor must produce and industry must sell in order that they, too, might prosper.

Compare this with what happened after the first world war. Eighteen months after the fighting ended, farm prices began to fall. Within a year they had dropped 50 percent and it wasn't long before farm mortgages were being foreclosed all over the country. The seeds of depression had taken root.

The same thing could happen again but I think you will agree that we are in a good position to avoid most of the sordid experiences of the 1920's and early 30's. Some changes are needed in our agricultural legislation, much of which was designed to meet the needs of the depression or of the war, but through these programs we have learned some things that would be well to consider for the long pull. Certainly none of us, least of all farmers, wants

to go back to producing less, consuming less, and having less of what it takes to maintain a good standard of living. To do so would be going backward to meet the future.

We might as well accept the fact that improved plants and animals, better equipment and more of it, and continuous improvements in farming methods will increase efficiency of production. It may be advisable if not necessary to encourage more production on some items and less on others to prevent wasteful surpluses, but I don't think we should try to limit total production. If we can prevent under-consumption we may not need to worry too much about over-production.

One way to help farmers adjust production would be a flexible but permanent system of price supports--one that would encourage production of commodities we need, and protect but not encourage farmers to produce commodities that would only further burden a glutted market. Experience has proven rather conclusively the need for flexibility in price supports so that adjustments can be made as the supply and demand relationship between commodities changes. It would be good if we did not need to support prices but the authority to do so should be available for use when needed.

A desirable counterpart of price supports would be some effective means of keeping a floor under consumption of farm products. Most of us remember vividly what happens when large segments of the consuming public are unable to buy all the things they need. That's when price difficulties begin, living standards start downward, producers are forced to mine their soil, and abundance becomes waste. Full employment, of course, is the best way to stabilize markets but programs to maintain consumption can add stability to our markets and at the same time be used to spread the gospel of healthful diets.

The best example of this perhaps is the School Lunch Program which is now generally considered as one of the most desirable means of using food

commodities that are purchased under the Department's price support operations. In 1941, for instance, more than 450 million pounds of foods were used in school lunches, at a cost of about 20 million dollars. For the current fiscal year, with approximately 6 million children participating, it is estimated that school lunch purchases will total about 140 million dollars. You may be interested to know that 20 million pounds of fresh and  $2\frac{1}{2}$  million pounds of dried apples were used this past year in the school lunch program and of all products involved were exceeded only by Irish potatoes and canned tomatoes.

For the next few years under the European Recovery Program, the United States will attempt to supply or finance the supply of certain basic materials which the cooperating nations of Western Europe cannot supply for themselves. At first it is expected that about half of ERP's operations will deal with agricultural products from the Western Hemisphere. It is also expected that food exports from the United States to the ERP countries will probably gradually decrease during the 4-year program. It is important to remember, however, that if the ERP proceeds successfully the countries which receive aid should progressively become better markets in normal international trade. It should help to build a permanent European market which ordinarily takes from 60 to 75 percent of all U. S. agricultural exports.

That there is a world need for greatly increased amounts of food is indicated by a study made some time ago by the United Nations Food and Agriculture Organization. Estimates based on the study show that if people everywhere are to have an adequate diet, food production would have to be increased beyond pre-war levels by these amounts: 163 percent more fruits and vegetables; 100 percent more dairy products; 80 percent more beans, peas, and nuts; 46 percent more meat; 34 percent more fats and oils; 27 percent more roots and tubers; 21 percent more cereals; and 12 percent more sugar. I am glad to know that Fred Motz is on your

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program to give you first-hand information concerning the potential foreign market for fruits.

Another point to consider in looking to prospective future markets is the fact that the world population has increased by at least 20 million persons in the past 10 years. In the United States the population has jumped from 139 $\frac{1}{2}$  million in 1945 to 144 million in 1947. In a recent comprehensive study by the Bureau of Agricultural Economics on the long-range prospects for American agriculture it is estimated that the total population of this country will increase about a million persons a year and by 1975 may be 20 percent higher than at the present time provided reasonably prosperous conditions prevail. This population growth, the study points out, will be the most important single factor tending to expand markets for farm products during the next 25 years.

So much for the general outlook as we see it.

Of more direct concern to the apple industry is the prospective market for apples and apple products. One of the more important things to consider is which of the more important commodities have had the greatest increase in production. Generally speaking, these are the ones among which there will be the keenest competition for the consumer's dollar and of course this is a factor in the future of the apple business.

Take citrus fruit, for instance. Production is now nearly twice as large as it was before the war. Thousands of acres of new trees have just begun to bear fruit and the bearing surface of many young trees is increasing. At a local store a couple of weeks ago grapefruit was selling for 5 cents a pound while the price tag on a pound of apples in a nearby bin was 16 cents.

Banana imports last year amounted to a little more than 60 million bunches which is about as high as they ever got for any year before the war. Annual banana imports from 1936 to 1945 averaged about 47 million bunches. Over the past

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decade grape production has increased by about half a million tons; peaches by about 20 million bushels; soybeans by about 63 million bushels; there have been spectacular increases in many of our truck crops. Data on most livestock and livestock products show a similar upward trend but I'm afraid I have already over-burdened you with figures.

These and hundreds of other food and non-food items will be competing for the consumer's dollar and it looks like competition will continue to be keen for some time to come for so-called durable goods such as automobiles, houses, tractors, radios, and dozens of other electrical appliances. But this may not hold true for many agricultural products for which there has been a brisk demand in recent years.

What people eat at any time depends to a large extent on three things; what they like, what is available, and what they can afford. The relative importance of these factors, however, is not always the same. Not many years ago under war-time rationing availability came first and likes came last--and we had to accept what we could get whether we liked it or not. During and since the war more people than ever before have had the buying power to get what they wanted from what was available. From now on I think it is safe to assume that likes and ability to buy will come first; availability will be taken for granted. Too many people probably put too much emphasis on what they like rather than on what is good for them. Perhaps I'm prejudiced but if shoppers bought more of what was good for them we would find more apples in the family market basket!

This matter of free competition is something I'm sure we all like to see but it presents a challenge if your product is to hold its own in the market place. It is extremely important that all segments of the apple industry from the grower right on through to the retail merchant accept the challenge

head on. While many people may think apples are not as important as bread and butter, they certainly can contribute a lot to better diets so no apologies are called for in booming your product.

As you no doubt know, apple production for the past couple of years has been about the same as the average from 1935 to 1939. But annual per capita consumption of fresh apples among civilians has gone down from the 1935-39 average of 30 pounds to 25 pounds last year. Per capita consumption of canned apples and apple sauce has moved up only about a third of a pound. It seems as though you are at the cross-roads as to where you go from here.

What can be done to get on and stay on the right road?

First of all I think it is of utmost importance for the producer to make a greater effort to follow his product through to the consumer--to tailor his production to fit a particular market. Anything he can do to straighten the distribution line from his orchard to the consumer and to improve the condition of his product when it reaches the consumer is all to the good. No one benefits when the producer and consumer operate independent of each other and the situation is still further aggravated if middlemen act independently.

I don't mean to imply that there are too many middlemen or links in the distribution chain but greater integration is essential. There may be too many people at each link in the chain and if this is true it contributes to inefficiency which usually ups the price the ultimate consumer must pay. Too often the middleman is the scapegoat for all that might be bad about our distribution system. Those who hold to that view fail to realize that we have come a long way from the time when practically all trading was done at arm's length.

Nowadays the buyer of apples or any other produce is likely to be 2 or 3 thousand miles, rather than 2 or 3 feet, away from the grower and original seller. Also, more and more consumers have come to demand and are willing to pay for more

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services, all or most of which must be performed by a middleman somewhere along the line. Attractive displays and better merchandising methods in retail stores have become increasingly important but in order for the retailer to prepare an appealing display, everyone along the line, from the grower on through, must have done his bit to see that the retailer gets a product that looks good, feels good, and is good--a product that reminds the customer to come back for more. So ask yourself the question: Has the quality of your product been such as to get customers to make repeated calls?

Of course this matter of special services can be carried too far. Even with high employment in this country I suppose there will always be a lot of people in the lower and fixed-income brackets to whom good healthful substance is more important than super-service and fancy frills. As conditions level off a greater number of consumers will no doubt come into this category. They should not be required to share the bill for services they don't absolutely need.

Another important factor in maintaining outlets for your product has to do with better cooperation between processor and grower. Good grower-processor relationship is, in my judgment, the best way to stabilize the market for perishable commodities. The right amount of foresight would help the producer adjust his production to the processor's needs. If I were a food processor here are some things to which I'd give most serious consideration: Maintain good grower relations; keep my pack at the highest possible quality; encourage best possible relations with the distributors of my products; make a concerted effort to follow my products through to the consumer; maintain good relations with my employees and with industry in general; and do some long-time planning for a reasonable profit rather than try to make a quick kill.

It also pays dividends to take advantage of everything that is known about preventing waste in the processing plant. Much more needs to be done but some very worthwhile results have been obtained through research on new uses for cull or low-grade apples. It is estimated that as a result of the process developed in 1942 for making bland sirup from apples, approximately  $1\frac{1}{2}$  million dollars worth of such sirup has been produced from a grade of apples that otherwise would have had little, if any, value. In salaries and other expenses this research cost about \$25,000. The process for recovery of flavor essence from apples has had wide commercial use. Its value in dollars and cents cannot be estimated but it has provided a new outlet for sound, cull apples; a means of producing a valuable product from material that may otherwise be wasted; and has provided a new source of revenue to manufacturers of products made from fruit. The cost of this research was about \$28,000.

The discovery quite a few years ago by Department scientists that wrapping apples in oiled paper will control apple scald is worth about \$2,000,000 a year to the apple industry. The estimated cost of this discovery was \$25,000. A great deal more needs to be done concerning improvement of apple quality and I'm glad to report that greater impetus can and is being given to this type of research under the Research and Marketing Act.

Time will not permit me to go into detail about all the work that is under way but I can assure you that the recommendations of the Deciduous Fruit Advisory Committee are being carried out to the extent that funds and competition from other commodities will allow. One project, for example, is intended to prevent or

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lessen the amount of spoilage that is caused by blue mold rot and gray mold rot of apples; the objective of another has to do with quality preservation in prepackaged fruits; still another will seek to find new and improved uses for deciduous fruits, especially to prevent waste. A series of consumer surveys has been undertaken to find out more about the specific wants of consumers, by areas, age and occupation groups, and so forth. We are trying to throw more light on some of the many dark areas in the field of human nutrition.

Some preliminary work has been done to determine the amount of spoilage the housewife finds in apples after she buys them. Samples taken and examined at successive times from representative market places in Washington, Baltimore, and New York show that from 15 to 20 percent and as high as 45 percent of the fruit represents waste, largely because of bruises and rot. And this does not include the peelings or cores. Records are being kept concerning the nature of the bruises so we will know when the experiments are completed where the damage occurs --in the picking, packing, in transit, or at the local store. The results will be made available to all concerned.

I don't want to give the impression that miracles will be performed under the R&MA nor that spectacular results will come over night. Research is inherently a slow and exacting process and it may take anywhere from a year to 10 years to find out whether or not the results we want can be achieved. It is very important also that public and private research be integrated as much as possible. The more research that can be done by private industry the better but there are certain fields that may never be tackled except through Federal or Federal-State co-operation.

It was encouraging to note in a news story not long ago that one of our larger private corporations has recently voted to spend 30 million dollars to expand the development of chemical products and processes. Big corporations don't spend that kind of money unless they are sure it will pay dividends; I might say: "Go thou and do likewise".

A large share of our first year's work under the R&MA is of an exploratory nature. With the help of producer-industry committees we have learned a lot about the scope and intensity of our agricultural production, utilization, and marketing problems. We have made what I honestly believe is a good start toward finding out the causes of many of these problems. Our next step will be to solve them. The task will require leadership, good sound judgment, and the wholehearted co-operation of us all.

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USDA 1273-48-10

UNITED STATES DEPARTMENT OF AGRICULTURE  
Research and Marketing Act

DAIRY RESEARCH UNDER THE RESEARCH AND MARKETING ACT

Excerpts from a talk by E. A. Meyer, Administrator of the Research and Marketing Act, U.S. Department of Agriculture, before the Dairy Group of the American Farm Bureau Federation, Atlantic City, N. J., December 13, 1948.

(FOR RELEASE DEC. 13 P.M.)

"Much of the work now in progress under the Research and Marketing Act is of a cross-commodity or functional nature, the results of which will apply to dairying and dairy products as well as to other agricultural commodities. For example, the Federal Extension Service cooperating with the Extension Services of 31 States has undertaken a comprehensive program to develop and conduct educational and demonstration programs in marketing.

"With respect to the dairy aspects of this project the work in Wisconsin is aimed at expanding market outlets for dry milk. Demonstrations have been given there on the use of non-fat milk solids by institutions, industrial plants, and in tourist areas. Economic and technical assistance has been given to several dairy plants along with recommendations for increasing operating efficiency and product improvement. In Missouri the work is directed at helping farmers to maintain quality and to meet milk market requirements for the whole milk trade. In New Mexico information concerning the proper care and handling of milk and cream has been presented through farmers' meetings, press and radio, and in demonstrations as a means of increasing farm income. Actual tests have been used to demonstrate the merits of using improved equipment.

"Another phase of this work has to do with increasing consumer demand for abundant foods, introducing new uses for them, and promoting more effective utilization, particularly from the standpoint of better diets.

"The more complete and efficient use of milk and its various byproducts is the objective of several projects, some of which have already produced preliminary results.



"Researchers in the Bureau of Dairy Industry have developed a process for using cheese whey in sherbets as the sole source of milk solids. They found that the natural acidity in cottage cheese whey replaced the expensive citric or lactic acid usually added to sherbets and that the typical whey flavor could be offset by adding certain fruit flavors. The whey sherbet produced had good physical composition and was high in nutritive value. The results so far indicate that a new use for cottage cheese whey can be developed. Another phase of this study has revealed that high grade buttermilk solids, in solid or dry form, can be used to replace skim milk solids in ice cream, and that mixes made with buttermilk solids showed better whipping properties than the ordinary mixes now used.

"Experiments on the use of dairy products in bakery goods have disclosed that sweetened condensed whey can replace up to 50 percent of the egg albumin normally used in yellow layer cake and in brownies. Another phase of this work is directed at improving standard methods and developing new methods for removing water from skim milk, whey, and buttermilk.

"Studies are being made to find more efficient uses for protein from whey which, if successful, might also help to solve the whey disposal problem at milk plants. With methods already developed approximately 60 percent of this constituent can be removed. Several processes have been tried for using whey protein as a food, one of which has produced a very palatable product that has a Roquefort-like flavor. Its use in spreads and cheese foods is being given further study.

"Tests are being made to determine why milk and cream deteriorate when frozen or refrigerated as a step toward learning how to retain their freshness for a longer time. Favorable results would undoubtedly mean increased consumption through greater consumer acceptance. It would also help solve the problem of preserving these dairy products from periods of flush production to low production seasons.

"In a study pertaining to the seasonality of milk prices and supplies in the South data have been obtained from milk handling and processing plants in North

Caroline and Texas regarding seasonality of receipts, usage, prices, and other related factors. A comparison of 1947 data has been made with those of the prewar period. Records have also been obtained from a sample of dairymen indicating the reasons for the current seasonality pattern and problems involved in changing it. A report on this study should be available soon. A similar study has been made regarding the Boston milkshed, a report on which is also nearly ready for publication.

"A project has been undertaken to determine what effect the practice of selling butter and cheese in accordance with central-market quotations has on producers' returns and on marketing margins. The work is being conducted by the Farm Credit Administration in cooperation with the Iowa Experiment Station in the principal butter and cheese-producing States and with Exchanges handling these products in the more important central markets.

"The function of cooperatives in the development of fluid-milk pricing plans and methods of use classification is also being studied by the FCA. One phase of this study specifically has to do with the role of cooperatives in developing pricing plans for bringing about a more uniform pattern of seasonal milk production; another will seek to determine the role of co-ops under Federal milk-marketing orders.

"Under a rather comprehensive project to obtain new basic data pertaining to market supplies, movements, and prices of farm commodities, two sub-items are intended to get new consumption and distribution data on dairy products; (1) To prepare continuing monthly reports showing daily average sales of fluid whole milk, fluid skim milk items, and butterfat in terms of fluid cream in a selected group of markets operating under Federal milk marketing orders; and (2) make preliminary arrangements for developing a weekly or bi-weekly index of the current trends in the consumption of fluid milk and cream, particularly in areas for which no organized method for getting information on such trends is available at the present time.

"A 53-page mimeographed report resulting from this study was issued recently by the Department's Bureau of Agricultural Economics concerning the consumption of

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fluid milk and cream in Northeastern marketing areas. It shows that there has been a big increase in daily per capita consumption of fluid milk from 1941 through 1947. Marketing areas covered in the report include the entire States of Rhode Island, Connecticut, and New Jersey and eight cities and adjacent territory--Boston, New York City, Rochester, Buffalo, Philadelphia, Pittsburgh, Washington, D. C., Richmond, Va., and the city of Baltimore. Copies of this report are available from BAE. This work represents only a step toward the broader objective of obtaining current estimates of milk and cream consumption - a problem strongly recommended for study by the Dairy Advisory Committee.

"A long-range study of the yield of various dairy products from a unit quality of milk is being conducted by the Production and Marketing Administration in cooperation with the Bureau of Dairy Industry. Conversion factors of proved accuracy are needed by the dairy industry in order to know more precisely what quantities of such products as market milk, cream, cultured buttermilk, cheese, ice cream, and casein can be produced from the milk available in an area or delivered to a plant.

"Most of you are familiar, I think, with the work that is being done under the RMA to develop strains of dairy cattle that are especially adapted to climatic conditions in the South. Intensive studies are under way to determine the physiological reactions of dairy cattle to the high temperatures and humidity that prevail during the summer months in the South, and their effect on milk production. Red Sindhi bulls are being crossed with Jersey cows at Beltsville, Md., and Jennerette, La. At College Station, Texas, a group of Brahman females are being brought together to be bred to Jersey bulls. Crossbreds of various combinations of straight dairy breeds, along with Brown Swiss and Guernseys are to be studied at Clemson, S. C.

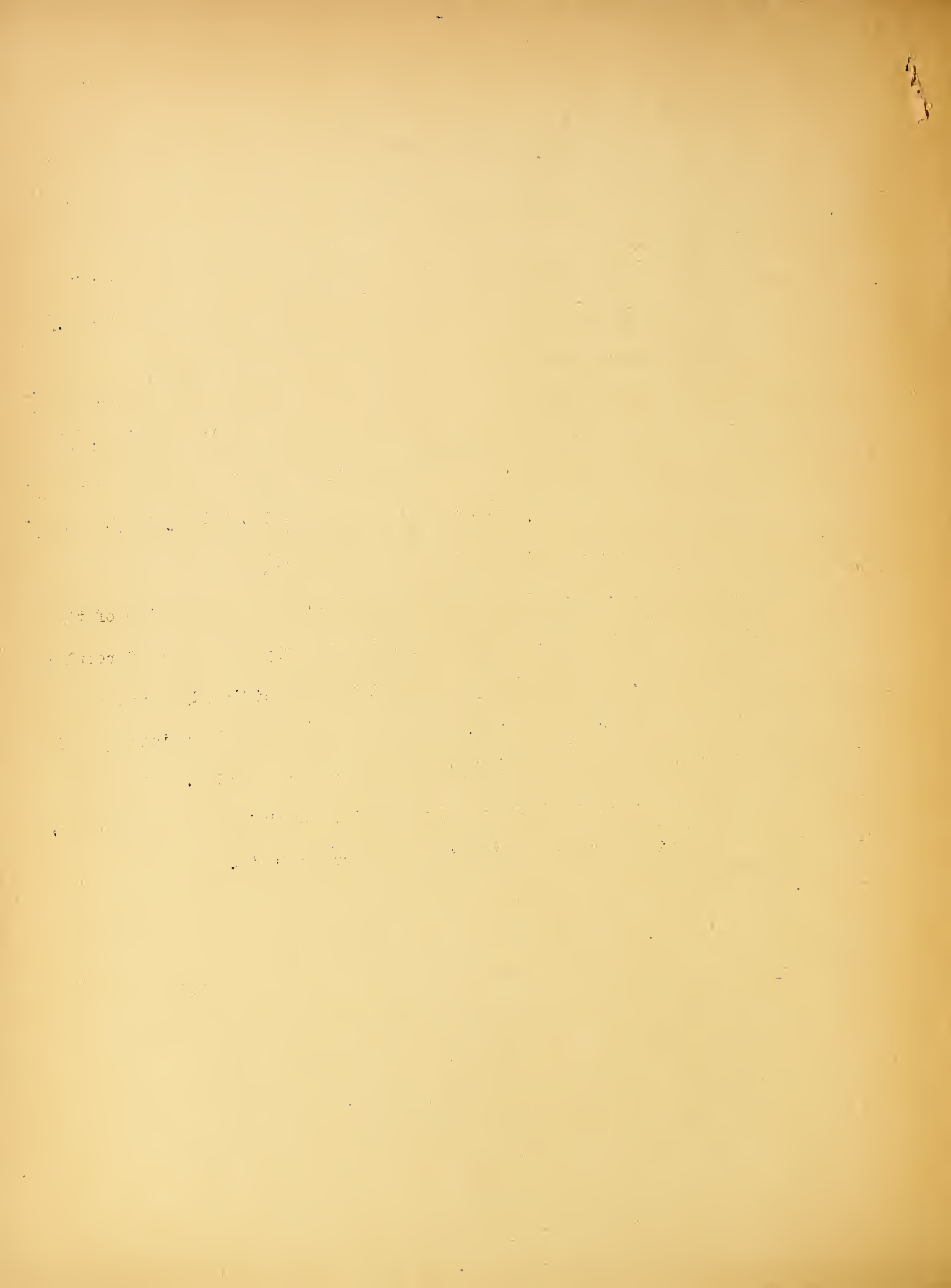
"Progress is also being made toward the development of strains of dairy cattle that will assure the small dairymen higher milk production. The project has these objectives: To develop systems of breeding that will most effectively concentrate



the genetic factors for high milk production; to find better ways of proving more sires and to obtain such proof in a shorter time than is now possible; and to more accurately predict the value of young bulls. The Bureau of Dairy Industry is conducting this work in cooperation with the agricultural experiment stations of Wisconsin, Ohio, and Minnesota.

"In keeping with the increasing interest in grassland farming an effort is being made to develop precise methods for evaluating the nutrient value of forage. One phase of this work, in which the Dairy Department of the University of Maryland is cooperating, is aimed at determining to what extent the lack of nutrients in forage affects milk production. Analyses are being made of the results of digestion trials which ran for three months last summer on alfalfa harvested as wilted silage, field-cured hay, and barn-cured hay. Further digestion trials will be run this winter on oat hay harvested at three different stages of maturity.

"The dairy research covered in this report represents a cross section of the work now in progress under the RMA. It also summarizes briefly the types of results that have shown up so far. In addition to the work I have specifically mentioned here on which some progress can be reported, several projects have been initiated in this fiscal year which have not had sufficient time to produce results. These include projects on reproductive failure in dairy cattle, nutritive value of butter, and price-supply-consumption analyses pertaining to dairy products.



19422  
In 2M57  
Dec 13, 1948

UNITED STATES DEPARTMENT OF AGRICULTURE  
Research and Marketing Act

PROGRESS UNDER THE RESEARCH AND MARKETING ACT

Talk by E. A. Meyer, Administrator of the Research and Marketing Act, U. S. Department of Agriculture, before the Fruit and Vegetable Group of the American Farm Bureau Federation, Atlantic City, N. J., December 13, 1948.

(FOR RELEASE DEC. 13 P.M.)

A year ago this week it was my privilege to present to this group a brief report of the activities under the Research and Marketing Act. At that time about 4½ months had elapsed since funds had become available to begin putting this comprehensive agricultural legislation into effect. Now, a year later, I especially welcome the opportunity to bring you a new report about what we have accomplished, both from the standpoint of over-all administration and of specific progress in the field of fruits and vegetables.

Although you should not measure progress in agricultural research and services by a few years experience or by dollars and cents expended, the amount of funds annually appropriated by Congress is a significant indication as to how many problems of agriculture we can attack and how intensively we can attack them.

Let's take a look at the RMA appropriation figures for 1948 and 1949 and see how they were allocated under the various sections of the act:

The total of RMA funds appropriated for 1948 was \$9,000,000 compared with \$13,850,000 for '49. Here's how the figures are broken down--and note the strong trend toward more marketing research and service work:

	<u>1948</u>	<u>1949</u>
Direct-grants to the States (Section 9)	\$2,500,000	\$3,250,000
New and wider uses of farm products (10a)	3,000,000	3,900,000
Other than utilization in cooperation with State experiment stations (10a)	1,500,000	1,950,000
Marketing research and services (Title II)	2,000,000	4,750,000

Over-all, the figures from '48 to '49 show an increase of about 54 percent.



For marketing research and services, however, the figure for 1949 is well over twice as much as for the previous year. This would seem to indicate that Congress was considerably more marketing minded when it appropriated RMA funds last year than when it passed the act in August of 1946. With more and more concern about the possibility of surpluses and with the continued need for greater efficiency in our distribution system, we can feel sure that the course Congress has taken is in the right direction.

You have perhaps heard it said that the RMA program got off to too slow a start. I'm not much concerned with that sort of criticism because I think that any time-consuming deliberations that have gone into the planning of this program will again prove that old saying about being "Better safe than sorry". The National Advisory Committee, the producer-industry committees representing all major farm commodities, and committees representing the State Experiment Stations, the State Extension Services, and the State Departments of Agriculture have all had a voice in helping us to fit many parts of this program together.

Together, we have tried to build a foundation solid enough to carry the annually expanding program that is contemplated by the act. Through 1951 the act authorizes a total sum of 61 million dollars, or approximately twice as much as the Department is now spending for agricultural research. Hasty decisions now might easily become the cause of bitter disappointment later on. This is something we in the Department of Agriculture, and you, as representatives of a great farm organization, want to avoid.

In addition to the National Advisory Committee, the Committee of Nine, representing the State experiment stations and the commodity and functional committees authorized under Title III of the act, several other committees have been appointed to represent State agencies which, under this new legislation, are intended to take a more aggressive part in attacking the marketing research and service problems of agriculture. I refer specifically to the Experiment Station Marketing Research Advisory Committee, the Extension Committee on Marketing, and the Advisory Sub-committee

on Cooperative Work under the RMA with State Departments of Agriculture.

The main function of these State agency committees is to assist the Department in establishing procedures and formulating broad marketing programs to be undertaken by State agencies. Their advice has been and should continue to be very helpful to us in working out some of the administrative problems that stem from the contracting and cooperative agreement provisions and other new features of the act.

We have felt that these additional State agency committees are justified because of the broadened activities authorized by the act in the field of marketing research and service. Title II requires that maximum use be made of existing research facilities owned or controlled by the Federal Government, the State agricultural experiment stations, and the facilities of the Federal and State extension services. It also requires that service and regulatory work, so far as it is practicable to do so, be done in cooperation with the State Departments of Agriculture and bureaus of markets.

The act recognizes the fact that there are many marketing problems that cannot be solved in a laboratory or facility of the Federal Government and that in many cases the only laboratory available is the distribution system itself. Accordingly, the Department is authorized to enter into cooperative agreements or contracts with other branches of the Government, State agencies, trade associations, private organizations or individuals. This is permissible however, only when in the judgment of the Secretary of Agriculture the work can thus be done more effectively, in less time or at less cost. In line with this part of the act we not only want your cooperation but we are directed to seek your help in using public funds to the best possible advantage.

With the pyramiding emphasis on marketing research and services there will be a corresponding need for personnel with experience and training in agricultural marketing and economics. As a step toward meeting this need Dr. R. R. Renhe, President of Montana State College, on a temporary assignment with my office, has discussed

with officials of 20 land-grant colleges and universities the possibilities of strengthening the marketing aspects of their curricula. At every one of the institutions visited he found a genuine interest in the problem and received assurance that it will be given due attention. A special land-grant college-USDA Sub-committee on Training Marketing Personnel has been established to provide guidance and coordination in this field.

Last spring the RMA sponsored an in-training marketing course by the USDA Graduate school in which approximately 175 Department personnel participated. Classes met three times a week from March 29 to June 15 in which special emphasis was placed on those phases of research and marketing services which are involved in carrying out the purposes of the Research and Marketing Act. The consensus of those who took the course was that it helped bring about a better understanding of our marketing and distribution problems and how to solve them.

The Extension Service and the land-grant colleges have also taken positive action, through the work-shop technique, to provide practical training for personnel engaged in regional marketing research. Extension has already held three regional workshops which have been attended by selected personnel to discuss and develop new educational and demonstration methods for bringing the results of marketing research to the general public. A few weeks ago a group representing the land-grant colleges and the USDA unanimously agreed that a national workshop be conducted during the summer of 1949 under the leadership of the RMA. Accordingly, plans are under way to arrange such a workshop at which attendance will include representation from every State and will consist of personnel engaged in regional marketing research.

So much for the general administration of the RMA program. But before discussing the work that pertains directly or indirectly to fruits and vegetables it might be helpful to briefly explain how specific projects are developed.

In actual practice a considerable portion of the projects come from recommendations of the producer-industry commodity and functional committees. In some



instances these committees have proposed lines of work to meet research needs as they see them from everyday experience. Many recommendations stem from the statements prepared by our Departmental work groups which summarize research needs and potentially useful work that might be undertaken with respect to a given commodity. These work groups, incidentally, consist of representatives from all agencies of the Department, including the Extension Service and the Office of Experiment Stations. Suggestions from private groups are, of course, also given careful consideration. After a review and appraisal of all recommendations, the National Advisory Committee may make specific recommendations of its own or offer guidance with respect to the urgency of certain lines of work.

From these collective recommendations specific work projects are prepared by the agency or agencies most directly concerned with the particular subject matter. It then becomes the function of my office to see that all these projects are coordinated into a program that is consistent with the intent of the act; to approve or disapprove projects; allocate funds; and to keep generally informed of progress on all work as a basis for future planning.

I am glad to report that the allocation of funds under the second year's program has not been quite so difficult as the first year when many new grooves had to be cut. Although we believe some significant new work has been undertaken during fiscal year 1949, a large part of the '49 program consists of continuation and expansion of the work begun last year. This line of action was generally approved by all of the commodity advisory committees at their most recent meetings and by the National Advisory Committee at its 3-day meeting in September.

A considerable number of the projects concerning fruits and vegetables are of a cross-commodity nature, the results of which should affect a wide variety of commodities. For example, the Federal Extension Service cooperating with the Extension Services of 31 States have undertaken a comprehensive program to develop and conduct educational and demonstration programs in marketing. The broad objectives are to develop new types of State and regional education programs in marketing as a means of

applying the results of research and to prepare and disseminate pertinent information about marketing research services.

One phase of this work has to do with increasing consumer demand for abundant foods, introducing new uses for them, and promoting more effective utilization, particularly from the standpoint of better diets. And there is plenty of room for improving diets according to recently published data on the efficient use of food resources in this country. If all people were to have what the nutritionists consider an adequate but moderate-cost diet, per capita consumption of our more important food items would need to increase as follows: Milk or its equivalent, 36 percent; green, leafy and yellow vegetables, 31 percent; tomatoes and citrus fruit, 30 percent; other vegetables and fruit, 14 percent; meat, poultry, and fish, 18 percent; and consumption of eggs, grain products, potatoes, and sweetpotatoes would need to go up 2 or 3 percent.

Of course educational work in nutrition and better diets is only part of the job. Ability to buy is another all-important factor. It is essential, therefore, that an aggressive effort be made to reduce food costs through the development and wide adoption of more efficient methods of processing and distribution. If this can be done consumers can buy a larger quantity of food without increasing their total expenditures for it. It would be especially desirable too, to reduce the costs of producing products that are required to improve diets because the necessary consumption changes would come about more rapidly that way. Even though food preferences do not change, people then would be likely to buy more of the products that are required for better diets.

Specialists say that one of the main reasons why the costs of marketing are so high is the inefficient and unnecessary handling of farm products in market places, warehouses, and in getting them to and from railroad cars and trucks. Last year studies were undertaken to determine how these handling costs might be reduced through the use of various kinds of labor-saving machinery, such as two- and four-wheel hand

trucks, skids or pallets with lift trucks, and conveyors used alone or in combination with other equipment. The ultimate objective is to determine under what conditions it will pay to use each kind of equipment and to make the results available to and encourage the application of them by all handlers of farm products.

So far these efficiency tests have been made on the handling of bushel baskets of apples and peaches, 50-pound bags of cabbage, standard boxes of citrus fruits, 100-pound bags of potatoes, bushel hampers of beans or peas, crates of lettuce, lugs of tomatoes or grapes, and certain other items. More than a thousand individual observations have been made with regard to the handling of packages with various kinds of equipment but much more work along this line needs to be done before definite conclusions and recommendations can be made.

The lack of adequate marketing facilities also adds a tremendous sum to marketing costs. Under the project initiated last year to develop plans for the construction of improved facilities in production areas, and at terminal and secondary markets, the work is completed or well under way in 25 cities and production areas of 17 States. In each instance these studies are made only at the request of proper persons or agencies in the area affected and are carried on in cooperation with farm and trade groups, railroads, warehousemen, civic organizations, city officials, and with what ever State agency is in a position to cooperate.

Plans drawn up for any given market take into account the kind and size of facilities needed, the best location for them, what they would cost, how they should be managed and operated, what rentals would have to be charged for their use, how they might be financed, what savings would result from operating them as compared with the costs of operating existing facilities, and what benefits would accrue to producers, distributors, consumers, and the locality generally should the proposed plans be carried through.

Closely following the proposals developed under this project, a million-dollar market has been built and is in operation at Jackson, Miss., to serve that



city and the entire central part of the State. Plans have been completed for a new market at Hartford, Conn., and a new farmers' market has been built and is in operation at Trenton, N. J. A new market is under construction at Greenville, S. C. Non-federal funds are used, of course, to buy the land and to finance actual construction. RMA funds are used only for the planning and promotion phases of the work.

Twenty-three States are cooperating in a comprehensive and coordinated program to expand markets and improve the marketing situation in general for their products. Ten projects of this program apply to the marketing problems of fruits and vegetables. The Production and Marketing Administration is directing this phase of the RMA program and provides a central point of contact in the Department of Agriculture to assist in the initiation, coordination, and in actually carrying out the work.

Under a study of transportation costs and their economic effects on agriculture the railroad index for potatoes has been brought up to date. Among other things it shows that rates now are approximately twice as high as they were in 1913. An analysis has been made of the relationship between railroad transportation charges and price margins between shipping points and the wholesale price. In general, the findings show that about 96 percent of the variation in shipping-point-wholesale margin is associated with variations in railroad transportation charges. Another part of this study, not yet completed, is designed to determine the mode of transporting farm products from the farm, how much of the truck and trailer equipment is owned by the farmer, and other factors.

During the past year a consumer preference survey was made on a national basis to determine consumer likes and dislikes, methods of preparation, and buying habits with regard to potatoes. This study has been completed. The detailed results have been published in Miscellaneous Publication 667, "Potato Preferences Among Household Consumers". A brief and more popular version of the full report has also been issued and widely distributed to potato growers, nutritionists, and others who might use it to advantage.

A similar survey regarding institutional use of potatoes has been completed and the data are being prepared for publication. Also, a pilot-type of study has been made concerning consumer use, reasons for non-use, merchandising preferences, etc., concerning both fresh and processed citrus fruits and juices. The data on this study are being analyzed and should be ready for publication in the near future.

As a step toward making wider use of cull and low-grade potatoes as live-stock feed a 33-page mimeographed pamphlet has been issued and distributed to live-stock feeders and potato producers which sums up the results of experimental work of various agencies throughout the country in the feeding of potatoes to livestock. It includes information on the processing and handling of potatoes for feed and the comparative feed value of spuds.

During last April and May a special study was conducted concerning the condition of both Eastern and Western apples as offered for sale in retail stores. It showed that as much as 23 percent of the original weight had to be cut away because of bruises and that as high as 30 percent had to be discarded because of storage rots. This study is being continued to determine how much of the loss is due to handling in the retail store and to other handling operations apples normally go through from picking to pantry.

You have probably seen the results of one phase of a study on refrigeration of prepackaged fresh vegetables. Briefly, it showed that if such vegetables are kept at 42°F. during marketing operations they will keep from two to three times longer than they otherwise would. The tests were applied to broccoli, brussels sprouts, and cauliflower which had been wrapped in various types of transparent film shortly after harvest. None of the vegetables in a lot that had been kept at 67°F. were salable after four days. But in another lot, kept at 42°, the cauliflower retained good color and flavor for 8 days; the sprouts and broccoli stayed in good, salable condition for 11 days. The experiments also showed that some types of plastic wrappings are better than others but all of the kinds used in these tests definitely helped

preserve quality. The non-wrapped vegetables deteriorated rapidly. Further work along this line is continuing in New York, Maryland, Florida, and California.

Announcement was recently made of a new and quicker method for precooling grapes. Specially designed tunnels are used which precool the grapes to suitable temperatures in one hour and will enable West Coast growers to cut the shipping time from harvest to market by from 14 to 24 hours according to J. T. Pentzer and W. R. Berger, the plant physiologists who are responsible for the new process. Recognizing that the quickest way to improve cooling was to expose the fruit to blasts of cold air, they devised a tunnel where this could be done as the unlidded lugs moved slowly along to the lidding machine. Air directed on the open-faced lug at a velocity of 600 feet per minute cool the grapes in an hour. Other recent tests by Pentzer and Berger showed that unpacked grapes moving through a cooling tunnel on 1/2-inch mesh wire screen can be cooled to suitable shipping temperature in 11 minutes, but further study needs to be given to this method.

In a study began last year to prevent decay and spoilage of fruits and vegetables while being transported from grower to market, more than a thousand different chemicals have been tested for control of stem-end rot. Tests so far at Orlando, Fla show that about a dozen of them promise to help solve the stem-end rot problem. Research to control citrus decay is being carried on at Chicago and New York in cooperation with the work at Orlando and is concerned mainly with tests on the use of diphenyl as a fumigant. At Beltsville, Md., and Chicago taxonomic studies are in progress on bacteria isolated from soft rots of potatoes, carrots, spinach, and certain other vegetables.

I'm sure at least some of you have heard of the work being done under contract with the United Fresh Fruit and Vegetable Association in conducting training courses in retail merchandising. The purpose is to establish a basis for encouraging wider adoption of efficient merchandising practices. Up to a few weeks ago the courses had been held in 46 cities throughout the United States. About 7,200 retailers and their employees have taken the course and many of them have expressed high



satisfaction about the results that have come from applying in their own stores the lessons learned. Data from individual retailers who took the course are now being assembled and analyzed in an effort to evaluate the effectiveness of the training methods used.

The objective of another project that has been initiated this year is to determine the relationship between the grades of raw fruits and vegetables before they are processed and the grades of the products that are processed from them. Preliminary conferences have been held with experiment station workers in New York, Ohio, and Utah where considerable interest in the subject has been shown. It is hoped that the study will get under way on tomatoes and possibly on peas and asparagus in one or more of these areas during the forthcoming crop year.

A cooperative study between the States of the western region and the Department has demonstrated the advisability of shipping peaches to market at a riper stage. Consumers in Minneapolis, where consumer reaction was checked, showed a decided preference for Colorado peaches that had been harvested at the tree-ripe and firm-ripe stages as compared with those harvested at the hard-ripe stage. Delayed harvesting apparently would benefit both producers and consumers through greater sales of a better product.

Our efforts last year under the RMA to expand foreign markets for certain commodities is going ahead at an accelerated rate this year. Emphasis, as you know, is being placed on commodities usually produced in the U.S. in excess of normal domestic demand--cotton, rice, fresh and dried fruits, tobacco, fish, etc. Commodity specialists, working under the direction of the Office of Foreign Agricultural Relations have visited practically all of the potential foreign markets for specific products and have brought back first-hand reports on export possibilities. Fred Motz, for instance, has made an on-the-spot survey of the export situation for fresh fruit in France, Belgium, the Netherlands, Denmark, Sweden, Finland, Norway, and the United Kingdom. Soon after his return he conferred widely with representatives of the U.S. fruit industry. His findings have been published in a report entitled "The Market for United States Fresh Fruits in Post-war Europe". A. E. Mercker, acting chief of the Potato Division in FMA, made a similar survey concerning the market for seed potatoes in Western European countries and has published his findings in a report entitled "The Market Outlook for United States Seed Potatoes in Western Europe".

I have tried to give a representative cross-section of the types of work that have been undertaken so far under the RMA and a sketchy glimpse of the results that are coming in. Let me again assure you that we want your constructive suggestions and cooperation in maintaining the high reputation that agricultural research has achieved over the past 85 years. Now, more than ever before, we seem to be at the threshold of a better level of living for every one of us. Why shouldn't we all put our shoulders to the wheel of progress that will put us across that threshold?

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In 2457  
May 5, 1949

UNITED STATES DEPARTMENT OF AGRICULTURE  
Research and Marketing Act

SOME RMA GOALS AND ACCOMPLISHMENTS

(Summary of a talk given by E. A. Meyer, administrator of the Research and Marketing Act, at the annual meeting of the American Agricultural Editors Association, Raleigh Hotel, Washington, D. C., Thursday, May 5, 1949 at 10:00 a.m.)

(For release May 5, p.m.)

One of the strongly emphasized goals of the Research and Marketing Act, is the development of a more efficient system for distributing agricultural products. The success of efforts along this line will depend importantly on the efficiency of the farm press in distributing facts about results to farmers, consumers, shippers, and distributors throughout the country. The Act contains no regulatory authority for putting findings into effect but through wide dissemination of the facts, I feel confident that desirable results will be obtained.

At your Chicago meeting  $1\frac{1}{2}$  years ago this week I tried to outline the general purposes of the RMA--what its objectives were and how we were going about reaching them. Obviously, all activities since that time cannot be covered here, but I particularly welcome this opportunity to touch upon some of the highlights.

The space the farm papers have devoted to the RMA program seems to signify that you appreciate the scope and importance of it to the National economy. Your coverage of the program has been as complete, constructive, and fair as we could possibly expect and we are grateful for your cooperation. We hope results will prove even more newsworthy in the future.

There still seems to be some confusion as to how the RMA differs from previously existing agricultural legislation. The more important differences are these:

1. The USDA is for the first time given practical authority to contract with qualified public or private agencies to conduct research in marketing and in finding new uses for agricultural products. Also, on a fund-matching basis, the Department for the first time can enter into cooperative agreements with State departments of agriculture and bureaus of markets to do marketing service types of work.



2. The Act increases many times the amount of marketing research that can be done and clearly points out that marketing research and services should apply to all phases of distribution and marketing, from the grower right on through to the housewife or other ultimate consumer.

3. Not less than 20 percent of the direct-grant funds to State experiment stations must be applied to marketing research; and up to 25 percent of the direct-grant funds may be used for regional research as recommended by a duly established committee of nine persons representing the experiment stations.

4. A national advisory committee is established to consult with the Secretary of Agriculture and other USDA officials concerning research under the Act. The appointment of appropriate commodity and functional committees is also authorized and 22 such committees are now active. The members of these committees come from practically every one of the States. A list of all RMA committee members was enclosed with the USDA Farm Paper Letter a few months ago and I suggest that you, as editors, get in touch with these men whenever you can.

Actual research and service work under the RMA is carried on or is under the direction of existing agencies of the Department of Agriculture and State agricultural agencies. The Act is administered by an administrator and a small staff. We are responsible for coordinating and developing marketing policies and activities of the Department and for the integration of agricultural research, education, and production in their relation to marketing.

In passing the Research and Marketing Act Congress authorized funds for and asked that research be directed at three types of agricultural problems: Production, utilization, and marketing.

Everyone knows, or should know by this time, that production research has paid big dividends in the past. But even here Congress recognized that many problems still exist and that research toward their solution is needed. For instance, weeds and the lack of adequate control over them adds about 3 billion dollars to our annual farm production costs. Insects still destroy 150 million dollars worth of cotton each year. Sterility and other reproductive trouble in dairy cattle is costing dairymen, and hence everyone who uses dairy products, about 250 million dollars a year. The battle against insects, and plant and animal diseases, as you well know, is a continuous one.

Utilization research seeks to prevent or help solve the problems of superabundance which have plagued America in the past and which loom among the greatest challenges of the future. If we are to have a balanced abundance in this country we must learn how to use the increased productive capacity which is now an established fact. We need to find new uses for farm products and for many of the by-products which are now going to waste. We need to improve these products to make them more serviceable and more widely acceptable. The problems in this field are countless but an example or two might illustrate what the challenge and opportunities are. Of our total vegetable production each year, some four million tons of vegetable parts, which previous research has shown to have high feed value, are wasted. Why shouldn't research make a concerted stab at converting this feed value into feed itself? From our dairy farms, 10 billion pounds of whey are produced each year, only a small fraction of which is put to any useful purpose. This not only represents outright waste but a serious disposal problem to the milk industry.

The third type of problems, those toward which marketing research and services are directed, offer the greatest challenge of all. In discussions preceding passage of the RMA it was clearly brought out that one of the major purposes of this legislation was to bring the marketing research and service activities of the Department more closely in line with production and utilization research. Estimates are that if modern marketing and distribution methods could be more generally applied to our current marketing system, the producer-to-consumer savings would add up to about 280 million dollars a year. Just one example of rather heavy loss in this category is the breakage or spoilage of some 2 billion eggs every year between the nest and the kitchen.

A rather consistent characteristic of marketing research is the need for basic data or information as to what the cause of many of the problems are. What causes so much produce to spoil on the way to market? How much unnecessary cost can be traced to inefficient marketing facilities and handling methods in shipping, wholesaling, and retailing? Do we need new/grade standards for some products or revisions of the ones we now have? It is generally agreed that we lack sufficiently detailed information about costs and margins. What are consumer preferences for certain food and fiber products? We know much less about human nutrition than we do about animal nutrition and in any program to improve food distribution, certainly the nutrition angle should be considered. We need to know more about what people are eating, what they want to eat, and how this stacks up against what is considered a healthful diet. A new push must be given to information, education, and demonstration work if the know-how that comes from this research is to be translated into constructive action.

The Act has been in operation less than two years so it is too soon to expect impressive results. But I would like to make a progress report on a few representative lines of work to show that some "hay is being made."

In an effort to reduce in-transit loss from stem end rot of citrus fruit, researchers at Orlando, Florida, have tested more than 1,200 chemicals, four of which have been found effective in reducing the amount of rot at all concentrations tested. Further work is necessary, however, before final recommendations can be made.

Research in Arizona and California by the Bureau of Plant Industry, Soils, and Agricultural Engineering with specially designed pre-cooling tunnels has greatly reduced the length of time required to cool grapes to a satisfactory temperature for shipment to distant markets. Actual performance records show that the new method will cool the fruit in 1 to 2 hours as compared with 14 to 18 hours by other methods, which usually means a full 24-hour delay in getting a shipment on its way. In a period of declining markets, such a delay can mean heavy losses to the shipper and less good fruit on the market.

On the basis of 41 cars of peaches shipped in Spartan wirebound boxes and 41 cars shipped in bushel baskets under comparable conditions, the marketing specialists found that the container damage in transit was only .64 percent for the boxes as compared with 3.13 percent for the baskets. Also, on the basis of a study of over 4,000 cars of peaches packed in baskets, there was no significant difference in damage between the loads packed three layers high, the usual method of loading, and those packed 4 layers high. Obviously, the four-layer load would mean a saving to the carrier, a substantial part of which might well go into reducing the producer-to-consumer price spread for peaches.



During and since the war egg shipments by rail have been loaded 10 to 20 percent heavier than prewar. This kind of loading has been blamed by the egg trade and railroad folks for the tremendous increase in damage to shell egg shipments. Tentative findings now indicate, however, that a major part of this damage is due to irregular and inadequate methods of loading the additional cases into the car rather than to the heavier loading, as such.

With more direct reference to quality factors in handling and marketing eggs, twenty-one State experiment stations and the USDA have made substantial progress toward determining the quality of eggs delivered by farmers to first receivers and then measuring the subsequent change in quality from that point to the next receiver; (2) measuring the influence of various things that have to do with the quality of eggs delivered by producers; and finally, determining the extent, manner and causes of physical and quality loss to shell eggs as a result of handling, transporting, storing, and distributing between carlot assembly points and destination.

Contracts are in effect with the Railroad Perishable Inspection Agency and the Western Weighing and Inspection Bureau which provide for detailed inspections and the collection of detailed loss and damage data on approximately 50,000 carloads of oranges, grapefruit, tomatoes, celery, cauliflower, lettuce, and dressed beef. This information is now being collected in 86 primary and secondary markets. As soon as possible the data will be tabulated and classified according to the various types of containers, shipping areas, methods of loading and bracing, and the type of equipment in which the produce was transported.

For quite a few years the spotlight has been focused on the mechanization of farm production. This is all to the good, of course. But until recently, little thought had been given to mechanizing the handling of farm commodities in marketing channels even though labor costs in these operations account for a large and increasing part of the total marketing bill for farm products. Studies are being conducted under the RMA to determine the man-hours required for unloading and placing in warehouses and stores various types of packages with various types of equipment or combinations of it. Up to a few weeks ago more than 1,300 time study observations had been made in 36 different cities.

The types of packages to which the study applies include bushel baskets of apples and peaches, 50-pound bags of cabbages, standard boxes of citrus fruits, 100-pound bags of potatoes, bushel hampers of beans or peas, crates of lettuce, lugs of tomatoes or grapes, and bunches of bananas. A preliminary analysis of the data obtained so far indicates that the use of skids or pallets with jacks or low-lift powered trucks, or with fork-lift trucks in facilities where their use is feasible, will reduce man-hour requirements for this work by three-fourths as compared with the use of two-wheel hand trucks. The reduction in man-hour costs is of course offset to some extent by the initial cost and maintenance of the modern equipment.

Another RMA study, aimed at developing or improving equipment for rural processing plants, has already produced highly satisfactory results. USDA engineers cooperating with the University of Georgia have altered and adapted a machine for shelling peas and beans that satisfactorily handles from 200 to 300 pounds of pods an hour. By hand, they tell me, it takes an hour for a person to shell 10 pounds. A manufacturer is now producing this machine in quantity.

A great deal has been learned about retail merchandising of fresh fruits and vegetables in the past 25 years or so but, unfortunately, this know-how is not very widely applied. It is generally agreed that if efficient retail practices were more



widely adopted it would benefit not only distributors by increasing their volume of sales and reducing costs, but it should also benefit producers and consumers. In an effort to get better retail practices more widely used the Department has entered into a contract with the United Fresh Fruit and Vegetable Association to conduct training courses in which retailers and their employees get a learn-by-doing type of instruction. Since the series of courses began in November 1947, more than a thousand classes have been held and about 10,300 retailers and their employees have been taught modern methods of fresh produce merchandising.

A substantial portion of the people who took the course have been questioned since as to how they are applying this newly obtained knowledge in their stores and what good they are getting from it. A preliminary analysis of replies shows that 94 percent have reduced spoilage losses and 96 percent say they have increased their sales of fresh fruits and vegetables. Although a considerable amount of RMA funds is going into this experimental work, well over half of the total cost is contributed by private industry.

A regular part of the work in the Bureau of Agricultural Economics is to find out what farmers get for their commodities and how much the consumer pays at the retail store. But very little is generally known, commodity by commodity, about costs and margins through the various links in the marketing chain. Therefore, the goal of a rather comprehensive RMA project is to measure current costs and margins in the marketing of farm products and to analyze factors affecting them in order to provide a basis for suggesting ways and means of increasing efficiency in marketing and reducing the price spread between producer and consumer.

Such costs and margin studies are being made on quite a few commodities at the present time and several have been completed or are nearing completion. One example of results has to do with the costs of marketing South Carolina-grown tomatoes in the New York area. It shows that South Carolina tomato growers last June got 31.3 cents of the consumer's dollar spent for these tomatoes in New York. Marketing charges accounted for the other 68.7 cents of the dollar, of which 12.4 went for grading, packing, and assembly; 8.9 cents went for inter-market transportation; and 8.1 cents for cost of first sale. The combined retail and wholesale margin was 39.3 cents. A significant sidelight of this study was the discovery that about 8 pounds out of every 30-pound lug represents waste and spoilage from decay, cracks, insect damage, and bruises. These defects were found to be the most costly items in the ripening and repacking of green-ripe South Carolina tomatoes.

From these few examples of results I hope you get some idea of the possible benefits that can come from this broadened research program. We will try our level best to see that you get the facts about results as soon as they are worthy of being called facts. We humbly ask for your cooperation in bringing these facts to the millions of people who look to their farm magazines for reliable information.



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RESEARCH AND MARKETING ACT OF 1946  
Statement Presented by E. A. Meyer  
Administrator, Research and Marketing Act

The Research and Marketing Act (Public Law 733) was enacted on August 14, 1946, and this is the first appropriation under the authorizations contained in the Act. The 1948 Budget included the full amount authorized by the Act for fiscal year 1948 - \$19,000,000 divided as follows: \$5,000,000 for State Agricultural Experiment Stations (Section 9(a) in Title I); \$6,000,000 for research on utilization of farm products (Section 10(a); \$3,000,000 for research other than utilization research ((Section 10(b)); and \$5,000,000 for marketing research and service (Title II). The appropriation bill as passed by the House of Representatives provides only \$9,000,000 to carry out the Act, divided as follows: Title I, Section 9(a) - \$3,000,000; 10(a) - \$2,500,000; 10(b) - \$1,500,000; Title II - \$2,000,000.

In the years immediately ahead American agriculture faces one of the most critical periods in its history. The urgency of an adequate research program to obtain the facts needed in dealing with the problems of this crucial period, and especially of research and services in marketing farm products, was a chief consideration in passage of the Act by the last Congress and in determining the levels of appropriations it authorizes. Restoration of the 1948 appropriation to the amounts authorized and requested in the Budget is vital for the future welfare not only of farmers but of the nation as a whole.

Need Widely Felt

The Research and Marketing Act was passed without dissenting vote in either House of Congress and was acclaimed by the President when he signed it. The Congress' action and the President's statement reflected the wide-spread enthusiasm and hope that the Act has aroused. Producers, processors and distributors, and consumers, as well as taxpayers generally, have viewed it as providing the means for getting at fundamental solutions to many of the great problems of American agriculture.

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An outstanding problem in many minds is the postwar return of surpluses. This was underscored in the past year in the case of potatoes. On a single crop, and in a year of world-wide food shortage, surplus disposal operations cost this Government more than four times the whole 1948 Budget request for carrying out the Research and Marketing Act. The Act gives particular emphasis to research to develop new and extended uses of agricultural commodities, and research and service designed to broaden and improve their marketing and distribution. It provides simultaneously for the attack on other basic and long-range agricultural problems; Conservation of resources; human nutrition; new and improved crops and livestock; improvement of farm buildings, mechanization, and the improvement of production and farming methods generally; improvement of the rural home and rural life; and the maximum contribution by agriculture to maximum employment and national prosperity.

The Department of Agriculture has sought to prevent excessive enthusiasm regarding this Act. We have pointed out repeatedly that problems like those just listed are too large for solutions to be found overnight. We have emphasized that their solution will involve painstaking effort in planning and executing research, and equally painstaking work in the application of research. But we share in the popular enthusiasm regarding the Act provided an adequate program, adequately planned, can be promptly gotten underway.

#### Present Status of Program Development

A primary consideration of the House in refusing the full request appears to have been the belief that the Department does not yet have such a program. I therefore want to give you here a fully up-to-date picture of just how we have gone about developing a program, and just what the current status of it is.

The National Advisory Committee provided in Section 301 of the Act was established last Fall. It is an outstanding group of men, all with broad

background in agriculture, marketing, and research. All of them share the widespread enthusiasm for the Act as a vehicle for solving agriculture's basic problems. This Committee has already held three meetings and plans to meet again about the middle of July. Recommendations emerging from their discussions with us have extensively guided the pattern of program development in the Department.

#### Producer and Industry Committees

In line with their recommendation, we have appointed 20 Commodity Advisory Committees including representatives of producers, processors, and distributors. We have appointed a Transportation Advisory Committee, the first of several to be set up on functional lines. We have brought together Working Groups in the Department for the comprehensive survey of commodity and noncommodity fields of work and to provide background information for use by the advisory committees.

These advisory committees discuss with us the whole range of problems affecting their respective fields. They add to the Department's appraisal the practical, first-hand knowledge of men privately concerned with the production, utilization, and marketing of farm products. They submit to us their own recommendations as to lines of work that are needed under the Act, and as to which lines of work should be undertaken first.

Seven of these advisory committees have held meetings through the end of May. Meetings of all others are scheduled during June. Since we have had no funds with which to operate, it has been necessary to ask these committees initially to come at their own expense. Their willingness to do so is again testimony to the widespread enthusiasm this Act has aroused and the widespread faith in the good it will accomplish.

#### State Agency Planning

The various State agencies have likewise put a great deal of effort into program development. The Directors of the State Agricultural Experiment Stations have

elected the Committee of Nine provided for in Section 9(b)(3). This Committee has selected a number of fields of activity to be given priority in programs of regional research, and regional and national meetings of Experiment Station people have developed proposals for cooperative projects in these fields for consideration by the Committee. The Committee and other Experiment Station groups have likewise consulted extensively with representatives of the Department on proposals for Federal-State cooperation.

State Extension Services and State Departments of Agriculture and Departments and Bureaus of Markets have, similarly, been active in developing program plans. Particularly noteworthy has been the extent of joint planning by State people. Different agencies within States have gotten together on coordinated State programs. Different States have gotten together with each other and with the Federal Department to work out a cooperative attack upon problems of mutual concern.

Numerous private agencies, organizations, firms and individuals have likewise written or consulted with us regarding lines of work to be undertaken. These suggestions are also being given careful consideration.

#### Program Nearing Completion

Thus we have proceeded carefully and scientifically in developing a Research and Marketing Program. Before deciding the work to be initiated, we have consulted extensively with all interested groups, including Federal and State agencies, producers, and private industry. We recognized from the start that this would hamper the effective presentation of plans for budgetary consideration, since it would prevent detailed listing of the specific projects to be carried on in the coming year. But we felt it was the only way to develop plans commensurate with the potentialities of the Act.

We are still engaged in this consultative process, but it is nearing completion. With the advisory committee recommendations from producers and



industry, with the proposals from State agencies, and with further guidance from the National Advisory Committee in its next meeting, we will have the basic data to complete this scientific job of determining the program and will be ready to allot funds and get actual projects promptly under way.

#### Consequences of Reduction in Funds

So much for the present status of our plans. Now for the consequences of the Bill passed by the House, which would cut out more than half the funds authorized and requested for carrying out the Research and Marketing Act.

Obviously, this would curtail in all fields the scope of work that could be started in 1948. Some people appear to feel that this might be a good thing - that the program might better be gotten underway more slowly than the Congress originally contemplated. Unfortunately, the problems we anticipate will not wait upon our leisure. Research at best takes time; we must push the program forward as rapidly as possible if we are to have answers to these problems by the time they are upon us.

In this connection I would point to the current consideration that the Congress is giving to development of longer-range agricultural policies. Curtailment of the Research and Marketing Act program would prejudice the availability of basic facts in terms of which our agricultural problems must be attacked. It would prejudice the search for concrete, practical means for carrying out longer-range policies and fulfilling the Nation's aims regarding agriculture.

#### Slighting of Fundamental Work

This danger is all the more serious in that the heaviest impact of the cut would inevitably be upon the more fundamental, longer-range phases of the work. This would come about not by choice but by necessity. This year's problems will have to be met somehow, regardless. Only facilities beyond those required to tackle problems close at hand can be devoted to anticipating and preventing the problems

of two, three, or four years ahead. Restriction and delay in the program now could well mean never getting on top of our problems but always having to improvise emergency solutions to urgent needs without the benefit of adequate facts to go on.

Another way in which this comes about is by preventing the establishment of needed research facilities. As indicated in the following sections, we are giving very serious consideration to the construction and equipment of laboratories that are essential to the expanded program of research called for by the Act. Most plans of this nature would have to be given up under the reduction in funds. Delay, even of one year, in providing these facilities means an equivalent delay in our future ability to start much-needed work.

Similarly - and this is particularly true in marketing - our ultimate hopes for developing sound programs rest upon collection of basic information that simply is not now available. Delay in starting the compilation of such material would push back correspondingly the time when we could start other lines of work to which it is prerequisite.

#### Effects of Specific Reductions

I have described the process of program development. Since we are not making definite determinations for projects until we have all facts in, we are not in a position to list one-two-three the projects that would have to be given up if funds are cut to the level provided in the House Bill. I do, however, wish to make some more specific comments on the consequences of the reductions in the four separate parts of the appropriation.

Section 9(a)-State Agriculture Experiment Stations. The House Bill would reduce the direct allotments to State Agriculture Experiment Stations from \$3,600,000 to \$2,160,000 - a reduction of \$1,440,000. The amounts that individual States are eligible to receive vary widely depending on rural and farm population. The average allotment per State, however, would be reduced from about \$70,000 to a little over \$40,000.

These direct allotments must be matched by equivalent amounts from non-Federal sources, and the States almost without exception have funds available to match the full authorized appropriation.

Time has not permitted finding out what adjustments would be made in individual State programs under the proposed curtailment of funds. Some indication of this is provided, however, by the fields of work given chief emphasis in the tentative programs that have so far been received from the States. These fields are here listed in estimated order of total planned expenditure by the Stations:

- Marketing
- Animal industry
- Human nutrition and home economics
- Field crops
- Farm buildings and mechanization
- Insects and animal pests
- Plant diseases
- Horticulture
- Soils and plant nutrition
- Forestry

The Regional Research Fund would be cut from \$1,250,000 to \$750,000. These funds support cooperative research in which two or more States conduct joint programs. Projects in this field must be recommended by the Committee of Nine and the Committee has set up nine fields of work in which projects would be given consideration this year. These are:

1. Marketing
2. Foods and human nutrition
3. Rural housing
4. Discovery, introduction, and improvement of new and useful plants
5. Cotton research
6. Newcastle disease
7. Poultry breeding
8. Dairy breeding
9. Beef cattle breeding

Again, we have not had time to find out how the Committee of Nine would apply the reduced funds among these fields. Since the last three listed were considered later in priority compared with the first six, the Committee would very likely make



heaviest curtailments in these three fields. Even so, substantial curtailment in the others would be inevitable. The net effect would be to set back this whole Regional Research Program - all of it work urgently needed - and to set it back by a full year in those phases where annual growing seasons are a factor.

Marketing research in the Experiment Stations is protected under the terms of Title I of the Act, which provides (Sec. 11) that "not less than 20 percentum of the funds authorized to be appropriated" shall be used for marketing research. This would prevent the curtailment of much-needed marketing work, but would only intensify the impact of the cut on all the other lines of work listed, and upset the balance within the program as a whole.

Section 10(a) - Utilization Research. - This is one of the most urgently needed fields of work, yet the present Bill cuts it more heavily than some of the others. Of \$6,000,000 authorized and requested, the Bill would provide \$2,500,000 - a \$3,500,000 reduction.

Such a cut would confront the Department with the dilemma whether to give up plans for much-needed expansion of research facilities, thus handicapping the work itself; or whether to apply much of the money toward facilities and have little left for conducting research in them. For example, construction of new Cotton and Cottonseed Utilization Research Laboratories is being given very serious consideration. The Cotton Advisory Committee has indicated that this is one of the most important fields of work if cotton is to compete on an equal basis with other fibers and to develop products designed to meet the needs and wants of consumers. This project could hardly be considered under the reduced funds.

Similarly, facilities that are under consideration for research on tanning materials and for fundamental food processing research would seem to be eliminated from the picture. Yet leather is a strategic material; and one of our chief hopes for new and extended uses of farm products lies in applying newer technological developments to the food processing and preservation of foods.

These are examples of how the reduction of funds would delay much needed work by delaying provision of facilities that must be furnished before we can even start on the research itself. Every Advisory Committee that has met so far has given a high-priority recommendation to utilization research. The effect of the House Bill would be to reduce this work to a level wholly incommensurate with clearly evident needs. The whole amount authorized and requested could be spent with benefit, and would represent a sound public investment.

Section 10(b) - Research Other Than Utilization. - Out of the \$3,000,000 authorized and requested for this item, \$1,500,000 or 50 percent is provided in the House Bill. This amount must cover the whole scope of agricultural research on the basic problems that I mentioned earlier, except for utilization research.

The funds are authorized for research done in cooperation with the State Agricultural Experiment Stations. As I previously indicated, the States have discussed a number of fields in which they feel that need for Department assistance, and the Department is likewise considering many lines of work that would require State assistance. This is particularly true in the program under the Regional Research Fund where a number of proposals involve the Department's providing leaders on projects in which several States would cooperate.

The need for closer cooperation between the Department and the State Stations has been widely expressed. This item provides the chief mechanism from the Department's side - corresponding to Section 9(b) for the States - through which this need can be met. The proposed reduction here, again, would mean curtailment of the work to a level incommensurate with recognized needs.

Title II - Marketing Research and Service. - This, again, is a field in which urgent needs are widely recognized, and which has been singled out for special emphasis by every Advisory Committee that has met so far. Yet the House Bill would provide only 40% - \$2,000,000 out of \$5,000,000 - of the funds authorized and

requested. Such a reduction would seriously restrict the possibility of undertaking lines of work of fundamental importance in improving the marketing of farm products and broadening the outlets for them.

For example, the National Advisory Committee and each Commodity Advisory Committee that has met has emphasized the need for work at the consumer level - an area where the Department has in the past had no clear-cut, general authorization. A real program in this field would start with studies of consumer preference, designed to find out just what types and qualities of products are most acceptable to the housewife, what types of packaging and what methods of handling and merchandising are most appealing to her, and how adequate the present distribution of products is in relation to potential demand. Such studies would seek to discover also the adequacy and accuracy of the housewife's information regarding the products she buys or might be interested in buying. Research of this sort is expensive, but it is the foundation of any really sound merchandising program. Most consumer goods industries have developed effective techniques for such research and have demonstrated its practical value.

Money spent on such research would be largely wasted, however, if we were not in a position to follow it up promptly in application. The housewife's desires with respect to quality must be translated into methods of producing that quality on the farm and preserving it through proper packing, processing, shipping, storing, and handling at all stages of marketing right down to the retail store. Her preferences must be translated into grades and standards that will identify the products that meet her specifications. Similarly, her informational needs must be translated into consumer news and other market informational services. Inadequacies found in product distribution must be corrected. Basic educational programs must be developed to overcome ignorance and prejudice that limits market outlets.



These are the follow-up measures by which the facts made available through consumer research are applied in effective merchandising. The funds provided in the House Bill would provide a wholly inadequate start on this broad field of work unless other pressing needs were to be given up. I should like to indicate some examples of these needs:

1. The usefulness of our present market reporting is greatly reduced by the lack of information on truck movements. We urgently need to develop economical and effective methods of reporting these.
2. With modern technology we have hopes of developing practical inspection techniques that will permit great improvements in grade standards - for example, the inclusion of oil content in standards for cottonseed, farmers' stock peanuts, and other oilseeds.
3. Extensive studies of marketing costs and methods must be undertaken if we are to have any basis for programs to reduce price spreads between producer and consumer.
4. Many new developments in marketing give promise of greatly widening producers' market outlets - developments like pre-packaging, air transport, distribution of foods in frozen form. Government cooperation with industry in such fields would make possible more rapid development and, since research results would be publicly available, it would greatly widen the benefits to producers and consumers.
5. The possibilities of realizing potential foreign outlets for farm products depend upon expanding the information and other aids to private marketing agencies seeking to develop these outlets.

These are examples of fields of work that are being urged upon us and to which we are giving earnest consideration. Obviously, our hopes of meeting these demands would be greatly reduced if the funds made available should be cut 60 percent.

In this connection I must point to another provision in the Bill, the reduction of \$400,000 in the Item "Marketing Farm Products." The Committee Report clearly implies that research that has been carried out under this item is to be shifted over onto the Research and Marketing Act Appropriation.

Such a shift would appear definitely in conflict with the provision in Title II of the Act (Section 204(a)) that "Such sums appropriated in pursuance of this title shall be in addition to, and not in substitution for, sums appropriated or otherwise made available to the Department of Agriculture." In the planning of work under the two items we have drawn careful distinction between continuation of present programs under "Marketing Farm Products" and development of new programs in related fields under the new legislation. We have taken pains to assure that there would be no duplication between the two.

The effect of transferring this existing work onto the Research and Marketing Act appropriation is therefore clear. It would mean that instead of providing 40% of the funds authorized and requested for Title II of the Act, the Congress would be providing only 32% - \$1,600,000 net out of the \$5,000,000 that is needed. This would minimize still further the extent of any marketing research and service work that we might hope to undertake.